

ADVISORY COMMITTEE ON SUPPLY CHAIN COMPETITIVENESS

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The meeting was convened, pursuant to notice,
at 12:06 p.m., MR. RICK BLASGEN, Chairman, presiding.

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COMMITTEE WELCOME

Mr. David Long, Director

Office of Supply Chain

Professional and Business Services

U.S. Department of Commerce

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8 MR. LONG: All right, everybody. Let's try to
9 get started. We have a few people who will be coming
10 in, are clearing security, and there will be some late
11 arrivals today, too. We have four of those. And we
12 also lost a person to an emergency, so we are going to
13 be a little bit lighter than usual today.

14 Okay. Let me kick this off here. Well, thank
15 you all for coming to the meeting. As I mentioned, we
16 will have some late arrivals who will be coming in, but
17 in the interest of staying close to our schedule today,
18 let's get started.

19 On behalf of the DFO, Rich Boll, I'll call the
20 meeting to order. This is the January 2016 meeting of
21 the Advisory Committee on Supply Chain Competitiveness.

22 Let me start by -- I think what we want to do
23 is just go around the room, and if you could state your
24 name and which company you are with. We'll go first
25 with the members at the front table. Brandon, do you

1 want to start?

2 [Whereupon, introductions made.]

3 MR. LONG: Let's go the other way for the
4 members of the public and guests.

5 [Whereupon, introductions made.]

6 MR. LONG: Okay. Let me talk briefly about
7 the operation of the meeting today. It is important,
8 as best you can, to get close to the microphones. This
9 is as many as we are able to get through the facilities
10 of the building, but it helps the transcription.

11 In terms of general operations, as before,
12 just a reminder that everything is on the record. This
13 is a public meeting. It is recorded. There are
14 transcripts taken and posted on the website. I
15 understand there may be press joining us later today,
16 possibly tomorrow.

17 We have a full agenda for the next two days,
18 so we are going to need to stay close to the basic
19 rules of order on this. To help keep the conversation
20 identifiable for the recordkeeping and also to prevent
21 us from talking over each other, when you want to make
22 a comment or intervene, please signal the Chairman or
23 me or raise the name tag or something, and we'll call
24 on you to get that in. We will make sure you're
25 recognized to speak. This helps the record, prevents

1 talking over each other, and I think leads to better
2 debate and time management.

3 We've asked all the members to be at the
4 table. We will have full attendance by the time we get
5 everyone here. And there will also be at the end of
6 each section on the agenda, we'll block out time for
7 members of the public to comment on whatever issues
8 have been discussed by the group in this as we get to
9 that point in the agenda.

10 I just want to flag for everyone that we are
11 starting a new charter period, and part of the program
12 you will see in a moment, we have arranged for
13 briefings, training on the operation of the committee
14 and related ethics rules. We have also set up a FACA
15 committee workshop tomorrow in this room at 8:30 for
16 members of the committee to meet with our specialists
17 on FACA operations. It's a good opportunity in a
18 private session to ask questions that may be more
19 personal to your operations. So, anyway, please take
20 advantage of that opportunity. Alice McKenna will lead
21 that for us tomorrow at 8:30.

22 Finally, to return to the main agenda after
23 that, it's a pleasure to note that we'll also be joined
24 today by Deputy Secretary Bruce Andrews. He will be
25 here at 1:30, possibly a couple minutes later than

1 that, to launch the new term and briefly describe some
2 of the priorities ahead. You know him from previous
3 visits. He's on top of these issues and a big friend
4 of this agenda.

5 We have a very complex agenda for the
6 remainder of the two days. We have reports out from
7 the subcommittee, new work on major topics. We'll
8 heard readouts on critical topics where the ACSCC has
9 engaged in the past. And we'll also be talking about
10 some of the new directions for the future.

11 As always, this is your meeting, and it's your
12 ideas and your guidance that are at the center of what
13 we are talking about here.

14 So, without further ado, let me turn this over
15 to your Chairman, Rick Blasgen.

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1 the best probability of success. So there may very
2 well be a committee that needs to change in terms of
3 its focus, and that's all for us to decide. So I'd
4 encourage you to think about that as we go forward.

5 We have got a lot of great guests from
6 different departments, so I want to welcome them here
7 today and tomorrow. We have got some great feedback
8 and input that we'll have as we go about our work.

9 So, with that, let me turn it back over to
10 David and welcome our guests.

11 MR. LONG: All right. Thank you.

12 Let me turn the microphone over to Alice.

13

ETHICS/FACA RULES**Alice McKenna, Senior Counsel****U.S. Department of Commerce**

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5 MS. MCKENNA: Well, good afternoon, ladies and
6 gentlemen, and welcome to Washington if you are not
7 from here. For the existing members, welcome back, and
8 for the new members, as a federal employee I want to
9 thank you for your service. I think it's a wonderful
10 thing we do here.

11 My name is Alice McKenna. I've been an
12 attorney with the Commerce Department for 26 years now.
13 Most of that time I've spent -- I've done a number of
14 things, but one of my specialties is how advisory
15 committees are handled within the Department. It
16 doesn't sound like a big thing, and it's a great way to
17 shut down cocktail party conversation when people get
18 excited about, "Oh, you're an attorney." I say, "Yeah,
19 I do advisory committees," and then we talk about the
20 Nationals. But advisory committees are administered
21 under one statute called the Federal Advisory Committee
22 Act. It dates back to 1972, and it governs how the
23 government interacts with approximately 1,000 advisory
24 committees that are established government-wide. About
25 60 of those are here in the Commerce Department, and

1 they advise on all manner of things. We have one on
2 climate change within the NOAA, the National Oceanic
3 and Atmospheric Administration. We have the
4 President's Export Council on Export Administration,
5 all kinds of things. We have one on Census, operations
6 of the Census. It's wide-ranging work here in the
7 Commerce Department.

8 I wanted to give you a short briefing of what
9 the Advisory Committee Act requires, not of you so much
10 but of us, so that you understand where we are coming
11 from when we make some of our rather outrageous
12 requests for certain things.

13 So starting with that, the Federal Advisory
14 Committee Act, first and foremost, it's an open
15 government statute. It's one that the nongovernment
16 organizations that I refer to collectively as "the
17 access community" pay very close attention to.

18 If you're more familiar with the Freedom of
19 Information Act reporters like to talk about when they
20 use it to get documents, it's sort of the meeting
21 equivalent of the open records statutes that we have at
22 the federal and at various state levels.

23 Like I said, it dates back to 1972. It's sort
24 of a cousin legislatively to the Freedom of Information
25 Act, and it's got many of the same goals: to

1 essentially open these deliberative bodies to public
2 access and scrutiny.

3 Now, one of those access provisions -- and I'm
4 delighted to see that we have members of the public
5 attending today -- is that meetings must be announced
6 to the public 15 days in advance -- those are calendar
7 days in advance -- in something called the "Federal
8 Register." For those of you who are familiar with
9 government work, it's our official gazette. It's the
10 modern-day equivalent of the Old Post Oak. If it's
11 posted in the Federal Register, the public has notice
12 of it. Even though I'm an administrative law attorney
13 for 32 years now, I never read it myself. But it's
14 there.

15 Now, this impacts the timing of meetings of
16 this committee, and this is one of the ways where the
17 requirement on us as the government sort of rolls down
18 to you. What it means is that we have a requirement
19 that these meetings be announced in the Register 15
20 calendar days in advance. The Government Printing
21 Office, which administers the Federal Register, needs
22 three business days. You factor in a snow emergency or
23 a three-day weekend, you can clearly see, as logistics
24 professionals, we can't hold the meeting in anything
25 less than three weeks. So that's why when we're

1 percentage so far out, that's one of the interests that
2 we're struggling to accommodate.

3 I don't believe this committee holds closed
4 meetings. I distinguish between meetings that are non-
5 public and meetings that are closed. It sounds like a
6 distinction without a difference, but it's actually
7 very relevant to us. Closed meetings are often --
8 there will be a meeting of the full committee, but, for
9 example, some of you may belong to other government
10 committees where there might be classified information
11 discussed or something like that. In those instances,
12 we have a procedure that permits us to obtain
13 permission to close a meeting to all public access.

14 What I want to talk about are two ways that
15 meetings are not necessarily open to public access, and
16 that's because they don't meet the definition of a
17 "meeting." I know it sounds like I'm splitting hairs
18 here, but the regulations actually allow for this on
19 FOIA. The way the statute is currently drafted -- and
20 this may be subject to change, but right now it's the
21 way it's currently drafted -- is that administrative
22 briefings, like the one we're having here, don't
23 necessarily have to be made in public, although they
24 can be and they are now. The other exception that
25 exists are subcommittee work, but there's a very

1 important caveat to that subcommittee work, and that
2 is, whatever a subcommittee does has to be in the
3 nature of making preliminary recommendations, making
4 draft reports that have to be brought back to this full
5 committee and discussed here at an open meeting. So
6 this is sort of where we get the public access to
7 subcommittee work that ordinarily can still be done
8 without necessarily having to go through the whole
9 procedure of a Federal Register notice and all that.

10 What that means, too, is if you find it
11 necessary to contact each other, if there's a
12 listserve, if you email each other in between meetings
13 to sort of move things along, so long as whatever gets
14 done in those between-meeting communications or at
15 subcommittee meetings is brought here to the table for
16 discussion by the full committee, and deliberation,
17 real deliberation by the full committee before any
18 advice is forwarded to the government. That's why I
19 sort of prefer it when subcommittee work is a little
20 rough around the edges, maybe not fully baked, because
21 that leaves work for the full committee to do and work.

22 If it's too polished coming out of the subcommittee,
23 not a heck of a lot left for the full committee to talk
24 about. And the access community's concern -- and it's
25 a very good one -- is that in the subcommittee

1 situation, all the intellectual heavy lifting is done
2 behind closed doors and just sort of rubber-stamped
3 here at the meeting. We don't want that to happen.
4 And so far as I know here in the Department, it doesn't
5 happen. The penalty for that is I come and I give more
6 lectures about the FACA.

7 CHAIRMAN BLASGEN: May I ask you a question?

8 MS. McKENNA: Certainly.

9 CHAIRMAN BLASGEN: This is a group of industry
10 professionals [inaudible]. How are recommendations
11 from committees like this taken? How seriously are
12 they -- you know, we understand they're
13 recommendations, and sometimes we'll give an elegant
14 solution to that. It may never get implemented
15 [inaudible] that's part of our job, although we want
16 [inaudible] actions to happen based on recommendations.
17 How [inaudible]?

18 MS. McKENNA: As far as this particular
19 committee is concerned, I'd have to defer to the ITA
20 people. I know in general we commit -- government
21 agencies commit an awful lot of resources. We might
22 not be paying you, but believe me, in terms of the
23 organizational activity, we certainly don't do this if
24 we don't feel like there's value to be had out of it.

25 I can't cite specifics. I'm more of a process

1 person more than a substantive person. But these
2 recommendations do go to the Secretary of Commerce, a
3 Cabinet-level official. With that said, I have to warn
4 you from a legal perspective that the first "A" in FACA
5 is "advisory." So the advice is taken on board. It
6 might not be adopted every time, and that might not --
7 and I wouldn't say that that's a reflection that the
8 agency doesn't value the advice. There may be
9 instances where, you know, we'd love to do it,
10 resources -- you know, there's only so much we can do
11 with the resources we've been given in a budget process
12 that takes two years to go through to the service.
13 I didn't really have a lot more to say at this
14 juncture. I'll entertain any quick questions.

15 Otherwise, I would turn the microphone over to
16 my colleague, D.J.

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ETHICS/FACA RULES**D.J. SPENCE, Counsel****U.S. Department of Commerce**

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5 MR. SPENCE: A quick second for musical
6 chairs. I'm D.J. Spence. I'm also in the Office of
7 General Counsel. I work in the Ethics Division, so I'm
8 primarily here to handle any ethics-related questions
9 you have.

10 Generally speaking, your committee is
11 primarily composed of two types of individuals: either
12 an industry representative or a special government
13 employee. For those purposes, special government
14 employees actually have a little bit more they have to
15 do and be aware of. Also, they are subject to the
16 ethics standard of conduct. But although
17 representatives are not subject to the ethics standard
18 of conduct, they are subject to conflicts analysis
19 also.

20 With that being said, while you are in your
21 advisory position, you just want to refrain from
22 misusing any government time or equipment, such as
23 government personnel, government stationary. The
24 government title you may have, you want to avoid using
25 it in a way that would give the appearance that you're

1 trying to profit or benefit private industry or your
2 private capacity with your government position.

3 Also, you just want to also be assured that
4 you're not using your government contacts that you make
5 here for any particular private capacity.

6 So, really, what we talk about, one, we talk
7 about the Washington Post test, what you don't want to
8 read in the Washington Post when you make up in the
9 morning. As you are well aware, there are many things
10 that you don't want to read in the Washington Post, so
11 just don't be one of those individuals.

12 Beyond that, if you have any quick questions
13 about ethics-related things, or if you had to fill out
14 a form you weren't sure of, you'd be contacting my
15 office, and we'd be providing you with that guidance.

16 That was relatively painless. Any questions?

17 [No response.]

18 MR. LONG: One of the things we're
19 contemplating doing and are basically setting up to do,
20 we're going to be holding our next meeting in Houston
21 at the facilities of one of our members. I was
22 wondering if you could comment a little bit on some of
23 the things that go with that.

24 MR. KUNZ: I'm sorry. Could you repeat that?

25 [inaudible].

1 MR. LONG: I was just mentioning that we're
2 getting ready to meet in Houston at your location. I
3 just wanted to mention if there were any provisions
4 that applied.

5 MR. KUNZ: We are prepared. We look forward
6 [inaudible] if they will allow us.

7 MR. SPENCE: Generally speaking, when you're
8 looking from an ethics standpoint, things considered to
9 be a gift, if you're having a reception or something at
10 an individual's home, and for our special government
11 employees, they're going to be subject to certain gift
12 restrictions, so they would not be able to accept a
13 gift that's valued at \$20, valued more than \$20. But
14 in this case, where it seems that to be kind of a host
15 type of gift, there's not going to be as stringent of
16 rules on those refreshments and gifts that are being
17 provided, especially when it is another committee
18 member.

19 MR. GABRIELSON: Did you say \$28?

20 MR. SPENCE: \$20 or less. \$20 or less. But
21 in this case, you're not going to have to worry about
22 that.

23 CHAIRMAN BLASGEN: Any other questions or
24 concerns, thoughts?

25 [No response.]

1 MR. LONG: Hearing no other questions, let's
2 stop there, and just a reminder that there will be the
3 administrative session tomorrow morning to talk about
4 FACA operations that we'll do here at 8:30. So thank
5 you very much for doing this.

6 MS. McKENNA: God willing and the creek don't
7 rise. We're supposed to get a dusting tonight.
8 Another one of the Department's bureaus is the National
9 Weather Service, and it's not like we have any special
10 access to their information. We'll see what "dusting"
11 means. I'm from Chicago. It does [inaudible].

12 MR. LONG: Our next guests will be down here
13 in about five or ten minutes. One thing I wanted to
14 add as a supplement to what you heard from Alice
15 especially is when we get to the part of the agenda
16 tomorrow where we are talking about taking things to a
17 vote on a set of recommendations, we'll walk through in
18 detail the procedures that go with that, what the
19 different options look like. Essentially, you know,
20 without overdoing -- you know, leaking and spoiling the
21 story here, there's really three bit sets involved.
22 One is essentially, you know, the typical consensus
23 vote yes on this. There will be a vote. The others
24 are variations on a majority vote with different types
25 of qualifications, either small additions added to the

1 text or something attached to it. So these are all
2 clean and thoroughly valid approaches, and they do
3 reflect -- all three of the choices reflect real debate
4 on this, so it should be a good outcome. We'll go
5 through the rules and that in detail tomorrow.

6 CHAIRMAN BLASGEN: Since we have a few
7 minutes, should we open up the conversation around the
8 committee's -- the direction of certain things just to
9 see if there's anything that's top of the minds of
10 folks on what we should be working on? As we
11 mentioned, we'll have about ten additions to the group?

12 MR. LONG: Yes, where we are on the
13 application -- we did the application, Federal Register
14 notice, looking for candidates to fill ten vacancies on
15 the committee. That's why our current count is 35. We
16 received 23 applications on this. We're in the process
17 of coming to a decision and publishing the result on
18 that. So essentially it'll come down to selecting from
19 this highly qualified group people to fill the
20 different gaps representing different parts of the
21 supply chain. It's looking for geographic diversity,
22 types of company, large and small, locations, different
23 parts of the industry, whether it's retail or
24 electronics or modes of transportation, what have you.
25 That's essentially where that'll be. And when we get

1 that through the bureaucracy here, we should be able to
2 publish that I expect the first week in February. Then
3 we'll set up special briefings for those folks, and
4 they'll be able to join us in the subcommittee work
5 before that, and then also at the next full meeting.

6 CHAIRMAN BLASGEN: Okay. So each one of those
7 individuals would have to be seated within a
8 subcommittee, and we'll have a process for where they
9 have a level of expertise [inaudible].

10 MR. LONG: Yeah. This also raises a couple of
11 questions about where we would like to see the
12 committee go in certain areas. One that has been
13 challenging for the group is the world of understanding
14 infrastructure finance and how it relates to this.
15 We've had, I thought, very strong but limited sets of
16 recommendations driven basically by what we could find
17 a consensus around, and one question I'd like to ask
18 the group, as we look at what to do about that set of
19 issues going forward, is this something that we see
20 clear targets to work forward now with? Or is it
21 something we should hold off until later?

22 It struck me that in the port congestion
23 world, for example, we'd encountered a number of places
24 where infrastructure does appear as a real
25 consideration, and I was curious what the members

1 thought about the advisability of trying to identify
2 parts of that and exploring that in more detail. Right
3 now, Mike Steenhoek has given back his chairmanship of
4 the subcommittee. He is unable to be here today.
5 He'll still be on the committee. But we'll need to
6 consider how far -- do we want to keep the committee
7 alive? And if so, what should it be doing? I was
8 curious if there were views or thoughts on that at this
9 point.

10 MR. JAMIESON: I was just wondering if there's
11 a way we can get a list of who those members are that
12 have rolled off or if you can read them off so we can
13 just kind of get an understanding of the fresh look at
14 who is left and then who will be coming in.

15 MR. LONG: Yeah, I'll do that for you. I can
16 give you the basic names. John Beasley is leaving;
17 Dennis Bowles is another; Sean Conlin from Deloitte;
18 Carol Fowler from Menlo Worldwide Logistics; Chris
19 Smith, also. And before that we lost Evan Gaddis and a
20 couple others who have not been with us in many months.

21 So essentially it's the basic committee less those
22 five.

23 MR. WATTLES: There is a list, I know
24 [inaudible].

25 MR. LONG: Yes. We just updated that, and we

1 solved some Web problems we had been having here. So
2 we'll bring copies of that later for this meeting. You
3 can see that.

4 CHAIRMAN BLASGEN: But the ten new additions,
5 we can't release that until after --

6 MR. LONG: No, until they've been chosen.

7 MR. GABRIELSON: My only thought would be, I
8 think, yeah, there is a need for it. Oftentimes, when
9 we talk through a number of the issues that are out
10 there, it's always the elephant in the room, which is
11 we have got great ideas, can come up with very specific
12 needs infrastructure-wise that need to be done, whether
13 it's in port or whether they're last-mile connectors,
14 whether they're inland. But then the question of
15 financing always comes up, and it just kind of trails
16 off.

17 So I think the obvious would be that as the
18 new members come on board, you take a look at their
19 backgrounds, you take a look at the committees. I
20 think there's a great need to go through and have some
21 additional focus in that area where we can make
22 recommendations for trying to move that ball forward.
23 It's been out there for a long, long time, and I think
24 it's one that has to be addressed.

25 CHAIRMAN BLASGEN: Any other thoughts while

1 we're on the subject of the subcommittees? I'll just
2 open it up for some of your general thoughts: Do we
3 have the right committees? Are we focused on the right
4 things? Do we want to switch them out? Do we want to
5 develop a committee on how to get a barrel of oil over
6 \$30?

7 Seriously, we want to make sure that folks
8 feel like they're compelled to participate, given their
9 experience on the right things. And I always get
10 concerned about this level of commitment and dedication
11 and, you know, folks making sure that we're using the
12 right tools. Dean?

13 MR. WISE: Yeah, this is a little far out, but
14 it's been on our mind a lot, and it seems to be moving
15 faster than anyone expected. But the whole big concept
16 of the fourth industrial revolution, to coin a phrase,
17 which is transformational technology, disruptive
18 technology, the regulatory drag on some of these things
19 is important to our U.S. competitiveness. Just look at
20 the FAA and how they've struggled with the UAV, the
21 drone regulations. Other countries are starting to get
22 ahead of us in that area. Clearly, with automated
23 vehicles it's a big focus. You saw Fox put up \$4
24 billion to get ahead on automated vehicles, and it's
25 probably important -- and I may be shooting myself in

1 the foot on this as a railroad, but to have a federal
2 solution that's across the whole United States for
3 interconnected automated vehicles. These things are
4 going to come faster than we expected, and it's going
5 to hit all modes. It's going to hit shippers inside
6 the warehouse, inside the factories. It's going to hit
7 workforces, and it's something that in 15 years we'll
8 look back and say -- you know, just like we look back
9 now and say, "My gosh, what was that Internet thing?"
10 Right? It's going to be quite transformational for the
11 whole supply chain and competitiveness. The extent
12 that we move slowly or quickly is important, because
13 everyone thinks, oh, that will be our way to compete
14 with China with more robots, but China's building more
15 robots than we are.

16 It's kind of a long-range thing, and there's a
17 lot of material out on it. I'm not sure it's something
18 the committee can resolve, but it's something we may
19 want to try to pull some things together and put it
20 forward as a hot topic for the Secretary.

21 CHAIRMAN BLASGEN: Thanks, Dean.

22 MR. VILLA: Hi. I also would like to see --
23 you know, when we started these, there was some
24 additional subcommittees that were formed in the last
25 year or so, and I think probably when the new members

1 come on board, probably we should step back and see
2 what committees we have, what's been done so far, and
3 then we can reorganize ourselves. I volunteered to one
4 of them, but honestly I haven't been able to do a lot
5 of work on that one. So, again, I would like to see
6 the whole picture, and then we can select, you know,
7 where we can add value to those subcommittees. And as
8 Dean mentioned, probably even create a new one, you
9 know, the "Back to the Future" one, or something like
10 that.

11 CHAIRMAN BLASGEN: Tiffany?

12 MS. MELVIN: I don't know, as far as the IT
13 and Data Subcommittee goes, I know that the primary
14 focus of that committee -- well, I think the primary
15 focus of that committee before I arrived on the council
16 was the Single Window Initiative, and so we're still
17 pushing that, trying to focus in on the North American
18 Single Window. But I am certainly not an IT and data
19 expert, and I love chairing the subcommittee, so I'm
20 not trying to do anything there. But I'm just curious
21 if the people around the table -- it seems like this
22 last round, when I was trying to get information about
23 how to kind of draft a letter for the North American
24 Single Window, it seemed that a lot of the information
25 I was getting was actually not from the IT and Data

1 Subcommittee members but was from other people that are
2 on the council that were talking to their people that
3 had the information. And it made me start wondering,
4 well, is IT and Data the right name for the
5 subcommittee? Could it be that it's something along
6 Dean's lines with more of a technology focus, but maybe
7 not so specific into IT and data? Are the right people
8 on the subcommittee as we move away once this North
9 American Single Window thing -- if it ever ends, I
10 don't know. But as we move forward, should we possibly
11 change the name of the committee to encompass more? Or
12 if it is IT and data, that's great. But it just seems
13 like this last round, a lot of our IT and data experts
14 actually weren't really that involved because they
15 didn't have the information we needed, because we had
16 gone a little bit broader. So I just wanted to point
17 that out, and I'm open to suggestions. Or if I need to
18 step off because I'm not the right Chair, that's fine,
19 too. I want to do what's best for the committee. But
20 I just want to throw that out there that maybe there's
21 some room for fine-tuning there, or at least adding new
22 subcommittee members or whatever.

23 CHAIRMAN BLASGEN: Yeah, a quick question, and
24 then I'll get to Anne. David, do we have the authority
25 as a full committee to determine what subcommittees we

1 form and what they're called? Or does that have to get
2 some sort of approval?

3 MR. LONG: As typically in these things, the
4 final word with that resides with the Department. But
5 as you've seen, obviously the preferences of industry
6 in defining the issues weighs very heavily in that. So
7 if you believe that adding different committees or
8 taking up specific topics and say the technology issues
9 make sense, we can definitely do that. There's no
10 obstacle to it, and it would enhance things.

11 The set of agenda issues we've got right now
12 that have been some of the top issues that we
13 developed, things having to do with North America, the
14 whole concept of Single Window has been very important.

15 The work in freight policy, which you'll hear manifest
16 tomorrow from John Drake at DOT, again, another big
17 success. Congestion is a priority for the Department
18 increasingly for very broad segments of American
19 industry. All these things are there.

20 The set of issues we're looking at surrounding
21 TPP and the ability of American supply chains to
22 operate successfully in some of the new markets we've
23 done trade deals with again is an important one.

24 So if we have concrete things we want to add
25 to this, it's no problem at all. So I would urge you,

1 if you have topics you think we should do, let me know,
2 and we'll build them in. We'll take it from this
3 meeting right to the organization.

4 CHAIRMAN BLASGEN: Anne and then Joe.

5 MS. STRAUSS-WIEDER: I want to echo what
6 Tiffany said, because I was looking at the membership
7 of the Workforce Subcommittee, and we spent a bit of
8 time figuring out how we were going to proceed on that.

9 I think we have a course of action we can discuss this
10 afternoon. But I think particularly as we are bringing
11 on new members, this would be a good time to revisit
12 who's on what committee and see who would like to be
13 involved, who may want to step down, who would want to
14 be involved with other committees, and, again, with new
15 people coming in, maybe renaming them because focus has
16 shifted, and agreeing with Dean that I think we are
17 going to have to be somewhat flexible because there are
18 these emerging changes that we really need to reflect
19 on in terms of remaining competitive.

20 CHAIRMAN BLASGEN: Right, yeah, and I think
21 the timing is pretty good. It's a new calendar year,
22 and we've got new folks coming on the committee that
23 have to be slated into a subcommittee. So we're going
24 to have to assess everybody's interest and where we can
25 have the most impact. Now's the time to do it, and

1 maybe [inaudible] that going into April's meeting.

2 MR. LONG: We can do that.

3 CHAIRMAN BLASGEN: Joe?

4 MR. BRYAN: One topic I would like to float
5 for us resilience, which is a word that has found its
6 way into the FAST Act. Last year was, again, the
7 hottest year on record, so things are not going to get
8 better. The way we should portray this is reduction or
9 management of supply chain risk. But I want to float
10 this because I'm not managing a supply chain, so I
11 don't know whether this is a subject the rest of you
12 would want to embrace. But it seems to me this is
13 going to be a continuing issue for us and with moving
14 geographies and we're going to wish we had done more
15 perhaps than we have.

16 CHAIRMAN BLASGEN: Define what you mean by
17 "resilience."

18 MR. BRYAN: The way I'll view it -- this is
19 also partly why I put it in terms of supply chain risk.

20 What I mean here is the ability to anticipate and,
21 even stronger, recover from disruptive events, and
22 typically external, but they don't have to be all that
23 way. It can be weather, but it can be, you know,
24 probably the single biggest thing, but it's not only
25 that.

1 MS. STRAUSS-WIEDER: Rick, a way of thinking
2 about it is business continuity, and, you know, a term
3 I hear quite a bit is "sustainable supply chain," the
4 ability of a supply chain to sustain itself even in
5 disruptive situations. And, you know, I echo -- I
6 actually chair that committee at Transition Research
7 Board. This is a very hot topic. It is part of our
8 daily lives in the supply chain. We're always trying
9 to think of ways to keep the goods flowing.

10 CHAIRMAN BLASGEN: Yeah, we talk about it a
11 lot in terms of alternative suppliers, if you're
12 sourcing from a country that all of a sudden has a
13 [inaudible] uprising, or during severe weather periods,
14 for example, hurricane season, all kinds of different
15 strategies companies use, depending upon [inaudible].

16 MR. GABRIELSON: Yeah, it could be that. It
17 could be weather, it could be labor.

18 CHAIRMAN BLASGEN: Right.

19 MR. LONG: Let's pause for a moment while I
20 track down our speakers.

21 CHAIRMAN BLASGEN: Okay.

22 MR. LONG: Let's pause briefly here. I'm in
23 the unusual situation of finding that we're way ahead
24 on the calendar for the meeting because the lawyers ran
25 short, which never happens.

1 [Laughter.]

2 MR. LONG: So let's take five and make sure we
3 have the replacement people here. Then we'll restart.
4 This is good, and we can resume this here.

5 [Recess.]

6 MR. LONG: All right. My apologies for
7 breaking off the conversation we were having. We will
8 resume on that tomorrow.

9 What I'd like to do now is -- Maria Luisa is
10 on her way in to do some of the import side of this,
11 but a special thing I wanted to bring to everyone's
12 attention with all the focus on Single Window and where
13 that's headed, there have been a lot of good things and
14 major work going on on the export side of this, which I
15 think gets less attention, at least in public, than the
16 import side does. And we have the honor to have Gerry
17 Horner from the Division for Technology Evaluation and
18 BIS here. Gerry's the director of that and one of the
19 key leaders in the entire external engagement and
20 technology side of getting ITDS in place to handle the
21 export side. A key part of that is there's a licensing
22 component to it, and there has been a lot of work going
23 on here at Commerce and across the government,
24 especially with Census as well.

25 Without further ado, let me turn this over to

1 Gerry to provide an update on where we are with that.

2

1 Window to be implemented.

2 It improved for us, as a licensing government
3 agency as well as the State Department as a licensing
4 agency of munitions items, it really provided a lot of
5 benefits to us because the information that we're
6 sending over on munitions or dual-use controlled items
7 that are controlled by our agencies, that information
8 we send over nightly to Customs and Border Protection,
9 on the mainframe system it was very difficult for them
10 to actually see everything that was on an export
11 license. Under the new platform, completely different
12 environment, where CBP officers at the port can
13 actually see now the associated license and all the
14 details with the export shipments that leave the
15 country.

16 In June of this year, 2015, major benefit on
17 the export side, and because of the information now
18 being available on this new platform, gave exporters
19 the capability to actually access the export portal and
20 actually get reports on their filings. This is huge
21 for them. Jevon is, I know, one of the recipients of
22 those reports, but in the past, companies who wanted to
23 get five years of data to do an audit of their
24 compliance with U.S. laws and regulations, they'd have
25 to pay the Census Bureau for that information. Now

1 they can go on to this portal and actually extract the
2 data after going through a few steps to get access to
3 the ACE account.

4 For freight forwarders, also a very big deal.
5 Freight forwarders, Melzie, I don't know if you've
6 accessed it, but freight forwarders can go on there and
7 retrieve all the filings that have been done from many
8 of their branches out of the United States. So if
9 you've got a compliance officer -- Melzie, are you a
10 compliance officer? So if you want to do all your
11 compliance checks of all of your different offices
12 around the country, you can actually go into the
13 portal, retrieve all that, and see who was up to par
14 and who's not.

15 Exporters can do the same thing, evaluating
16 their freight forwarder compliance. So if an exporter,
17 for instance, wants to go in and they've got, you know,
18 three to five international global freight forwarders
19 doing all of their filings of their export information,
20 they can now receive all that information, look at the
21 data, and determine whether or not there is compliance
22 in the reporting of that information.

23 November 2015 -- is Omari Wooden on the line,
24 by any chance? Okay. So I'm going to just give a
25 briefing for the Census Bureau.

1 In 1999, the U.S. Census Bureau implemented a
2 free export data collection Internet system called
3 AESDirect AESPcLink. And Single Window, the word
4 "single" is you want one data collection system and one
5 system that companies and government agencies can go in
6 and retrieve the data back.

7 Because of that, in November 2015, this
8 AESDirect and AESPcLink system began to be refactored
9 into the Single Window so that in the future --
10 hopefully by this summer, I believe, of 2016 -- that
11 Internet data collection system would no longer be a
12 separate data collection system of the Government.
13 Everything will go through the Automated Commercial
14 Environment.

15 This is very well exchanged by the Census
16 Bureau. They provide a number of Webinars, a number of
17 seminars. If you are a company that is currently
18 filing by this method, they send out repeatedly email
19 broadcasts so that the engagement on the changes being
20 made to refactor this system in the Automated
21 Commercial Environment is huge.

22 Another big benefit that was just announced in
23 December of 2015 is for those exporters who ship out
24 any item that is on the United States Munitions List,
25 which is regulated by the Directorate of Defense Trade

1 Controls at the Department of State. When the Security
2 Assistance Act was implemented in 2003, it said all
3 munitions and all items controlled by BIS had to be
4 filed through the Automated Export System. Well, even
5 though they did that electronically, the largest
6 license that is issued by -- talking about volume and
7 value -- the Department of State is what they call
8 their DSP-5 license. And even though companies were
9 required by this act to file in the Automated Export
10 System the export of these munitions licenses, they
11 also had to hand-deliver or lodge the paper license at
12 the port that the export was leaving. And December 21,
13 2015, the Directorate of Defense Trade Controls at the
14 Department of State, because of the new platform in ACE
15 allowing Customs to see all of the data on their
16 license application, they removed that lodging
17 requirement. Huge benefit. You think about if you are
18 an exporter of an item on a United States Munitions
19 List and you're located somewhere within the middle
20 part of the United States, and you've got to pay a
21 courier or you've got to pay somebody to get that paper
22 license, original license over to the port of export,
23 and most of these go out of JFK New York if they're
24 going to Europe. So you're talking about all of those
25 fees. So, you know, those companies that are dealing

1 in this type of trade saw tremendous benefits when that
2 was announced on December 21, 2015.

3 The other thing that it allows us to do at the
4 Bureau of Industry and Security is, before the summer
5 of this year, we expect that through the system we will
6 electronically decrement the value of our BIS licenses
7 to exporters. That means that if an exporter has
8 gotten a license from us, as they ship on it, we will
9 send them back in the system the balance left on that
10 license so that they don't go over their shipping
11 tolerance. Another thing to improve compliance of our
12 license holders at BIS.

13 I understand that Customs and Border
14 Protection continues to work with other agencies to
15 implement paper processes to automate through the
16 export portal, in particular, I believe, the
17 Environmental Protection Agency on their hazardous
18 waste exports, and NOAA's National Marine Fisheries
19 Service on their safe dolphin exports.

20 Because David and I and Maria Luisa are
21 specifically on the External Engagement Committee, I
22 just want to talk about some external engagement we're
23 doing on the export side. I've already mentioned the
24 number of Webinars and the broadcast email messages
25 that the Census Bureau puts out. This is one example,

1 the Supply Chain Advisory Committee is just one example
2 of the numerous advisory committees where the Single
3 Window is of big interest.

4 The Bureau of Industry and Security has two --
5 we have the Regulatory Procedures Technical Advisory
6 Committee as well as the President's Export Council
7 Subcommittee -- on export administration as well as the
8 big one on the Single Windows, which is the Customs and
9 Border Protection's Commercial Operations Advisory
10 Committee.

11 So we're dealing with you as techs. That's
12 your privilege. That's one of the reasons why you get
13 that nice letter from the Secretary as a privileged
14 person on the advisory committee.

15 The other things are conferences and seminars.
16 Each month, the Census Bureau puts on an Automated
17 Export System compliance seminar where thoroughly they
18 go over the ITDS Single Window export benefits.

19 We had a very successful conference at the
20 Bureau of Industry and Security. Some of you may have
21 attended. It's our annual conference where we were at
22 the Washington Hilton, and 1,200 exporters, their
23 lawyers, carriers, freight forwarders, et cetera, those
24 in the export stream attended. And we had two very
25 good panels on the Single Window. David and I were

1 pleased to see that we actually had a full house on
2 each of those panels, bringing in about 300 actual
3 participants of the 1,200 attendees.

4 So that's my update on exports. Those of you
5 in the export stream, export supply chain, hopefully
6 you'll continue to see these benefits.

7 Do you want to me turn it over or ask
8 questions now?

9 MR. LONG: Before I turn it over to Maria
10 Luisa, we may run into the scheduled coffee break
11 because we already took one a little bit early here.

12 The only other thing that would interrupt
13 things is if Deputy Secretary Andrews shows up exactly
14 on time, we'll suspend what we're doing to deal with
15 that.

16 So let me hand it off to Maria Luisa.

17

SINGLE WINDOW UPDATE

**Maria Luisa Boyce, Senior Advisor for Private
Sector Engagement, CBP**

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4
5 MS. BOYCE: Thank you, David, and thank you,
6 Gerry. It's really a pleasure to be here with you guys
7 again, and there's a lot to update you, and like Gerry,
8 I would love to answer any questions that you may have.

9 I wanted to give you, since the last time we
10 met, a little bit of the picture of where we are on the
11 filings, how that is coming along, and as Gerry
12 mentioned, you had two panels on Single Window. Our
13 life is Single Window. At CBP we have panels,
14 roundtables, meetings all around this, and, of course,
15 it's a whole government effort that we're working
16 together.

17 I do want to compliment -- and I don't know if
18 you were able to mention the manifest pilot that we're
19 doing on exports. I want to mention that to you guys
20 because another area of experts that we're doing from
21 the CBP side, we're testing piloting right now. We're
22 turning the export manifest electronic. Right now it's
23 paper. And that from industry we have heard very loud
24 and clear is one of the big concerns that industry has,
25 because sometimes you get penalized if you're an

1 exporter and you told us that your cargo was going to
2 leave through Baltimore and it ends up leaving through
3 Norfolk or another port, and so we give you a penalty
4 because you didn't follow the regulations, you lied to
5 us, right? No, you didn't lie. I'm being facetious.
6 Eric, don't quote me.

7 MR. WATTLES: That's actually pretty much the
8 way [inaudible]--

9 [Laughter.]

10 MS. BOYCE: I know. It is -- yeah, I know.

11 MR. WATTLES: Ten thousand bucks per
12 occurrence.

13 MS. BOYCE: Yes. So what is happening now is
14 because it's a very -- no, it is. It's a very paper-
15 heavy process, and so you as an exporter, as a freight
16 forwarder, you act on the information that you have,
17 right? And you told us it's -- that's what we heard,
18 it was Norfolk. So that's why we're putting in an
19 electronic manifest now on the export side because the
20 system will automatically update the information so
21 that we have the updated information. So you should be
22 seeing a decrease in those penalties. But, also, we're
23 going to have more accurate information. This is a
24 huge deal. It's a game changer. And from the
25 enforcement perspective, also it's going to allow us to

1 get information in advance, and we're looking to --
2 what we're testing right now, working with the
3 shippers, and we're doing a lot of work together -- is
4 can we address some of the concerns of the option for
5 exporters' side of the house, that they're concerned
6 about what changes are we going to make. Is it going
7 to make it a two-touch process? Is it going to
8 increase? And now with the export manifests, having it
9 electronically, we're trying to test if this can help
10 us address some of the information that we need for the
11 targeting, and that way we don't cast such a change to
12 the exporters and the freight forwarders.

13 So it's a big deal, and I think that one we
14 would love to keep you updated on how that is coming
15 along. You have Mr. Fried is on COAC also, so he can
16 probably be our conduit here with Liz Merritt to keep
17 you updated on where we are on the export business, and
18 Liz Merritt is also our Export Subcommittee Chair, Co-
19 Chair. So it will be good for you to keep you updated
20 on that piece.

21 So I wanted to -- I know. That's a big deal.
22 So we're doing right now the test on ocean and rail
23 and air, and we're starting the work group for the
24 trucking. The trucking we have left last because talk
25 about an electronic trucking manifest and time, there's

1 no time on the border for those of us that have been at
2 the land ports of entry. So we really want to find out
3 the best solution on how do we implement it and how do
4 we make it happen.

5 So that's one area that we're looking at, and
6 definitely I will talk to David, if there's any of you
7 that would like to be kept updated or maybe at some
8 point to be part of that working group, we would love
9 to have you in that piece. We are already stealing
10 some -- not stealing -- sharing some of you in other
11 work groups.

12 Yes, sir?

13 CHAIRMAN BLASGEN: You mentioned panels and
14 Webinars.

15 MS. BOYCE: Yes.

16 CHAIRMAN BLASGEN: Are those offered publicly
17 at companies?

18 MS. BOYCE: Yes, they are, and they're
19 actually recorded, and you can go and watch and see the
20 questions. They're very informative on that piece.

21 CHAIRMAN BLASGEN: Some of us have [inaudible]
22 who would probably love [inaudible].

23 MS. BOYCE: So maybe just to make certain --
24 and we tried as much as feasible. What I will do is
25 coordinate with David to send it to you guys as a FACA

1 Advisory Committee or, Brandon, if I may ask you, if
2 you get it from us, if you can share it, if I skip
3 sometimes my emails, but to make certain that you guys
4 have it.

5 So, for example, yesterday we hosted one with
6 FDA for a specific -- specifically on food products.
7 We had 900 people. That sold out in an hour, the
8 Webinar. But we have recorded it, taped it, and it's
9 now on the Web page. And so we're doing -- one of the
10 inputs that we received from industry is that we need
11 more user-friendly communication, that IT talk and the
12 process that sometimes doesn't translate well, so we
13 have changed that piece and tried to do it more
14 importer-exporter friendly talk so that you understand
15 better what conversations you should be having with
16 your brokers and the people that are filing for you.

17 So let me tell you a little bit of where we
18 are today. The number of entries and trader users
19 successfully filing in ACE is growing at an increasing
20 rate with notable upward trending occurring over recent
21 weeks. And it was moving slow. I think the last
22 document that we posted, and we need to post more -- I
23 need more people to work with us to help us on the
24 posting. By November, we were at 11.5 percent filing
25 in cargo release in ACE and 70 percent on entry

1 summary. Today -- and actually this trend started in
2 January. I am happy to report that we are trending
3 towards 25 percent now in cargo release filing in ACE.

4 I know, it's been very exciting. And we ended
5 December at 77 percent filing on cargo release.

6 So definitely there's a lot of -- we're
7 following very closely the statistics, but it's not
8 only the statistics, but it's also looking at what are
9 the other things that we're looking at, that we are
10 trending. And so, of course, the partner government
11 agencies, that's a big question that we're getting from
12 industry. Where are we on PGA filings, specifically
13 for FDA, APHIS Lacey, and NHTSA, which are the agencies
14 that are associated with our February 28th deadline.

15 So I want to share with you some of the
16 statistics. As of last week, 92 percent of filers are
17 associated with a vendor who is piloting FDA or ready
18 to pilot. And I'm giving you all the lingo. I'll
19 explain it in a moment. Sixty percent of filers are
20 associated with a vendor who's piloting APHIS Lacey, or
21 ready to pilot, 60 percent of their universe, and 67
22 percent of filers are associated with a vendor who's
23 piloting NHTSA or ready to pilot.

24 One of the things, remember when we spoke, I
25 guess probably six months ago or longer, one of the

1 concerns is how do we make certain that there's that
2 momentum for industry to start filing. They needed the
3 software vendors to be ready, the broker needed to be
4 ready, and the importers. And one that loud and clear
5 we have heard from industry is we need time, time
6 because it's going to take time for you to program, and
7 then we have to program, right? The software vendors
8 have to program. And the broker has to program, and
9 the importers and the exporters have to reprogram
10 whatever -- how they were communicating this or sending
11 the information. So that was something that we are
12 following very closely, and our biggest concern was are
13 we giving enough time. So we're happy to say that
14 we're seeing more and more people using the system.

15 There's a sense in some part of the community
16 of waiting and see for others to put their feet first -
17 - is that a good way of saying it? They're waiting so
18 some of them -- let me finish my thoughts on that.
19 Some of them are waiting -- waiting, just waiting and
20 see. "I do not want to do anything until I am 100
21 percent certain that it's working perfectly."

22 Others are waiting and see, "I want to see how
23 it goes with the PGA," because from their perspective,
24 from the brokers' understanding, their customers are
25 not worried about the system. They just want the goods

1 to move. And they are not going to -- what I'm hearing
2 from the brokers is, well, if ACE is the cause of
3 delaying my cargo, then how do I explain that to my
4 customer? And that will cost them money on that piece.

5 So we're seeing a lot of that piece, and so more and
6 more people are using it more.

7 Now, there's a lot of misperception in some
8 things. Other things are not working. But we are
9 really encouraging industry, file now because now we
10 have the staff to be able to give you faster support
11 and response on this piece.

12 The other approach that we're doing right now
13 is actually we're doing a dedicated, let us call it,
14 "war room" so that we're working with filers, and tell
15 them why don't we test for different ports of entry,
16 different modes. This morning you have everybody ready
17 to respond and let you go through the process and put a
18 lot of volume, and then you can turn on the volume
19 faster, and that has been working very well, too. So
20 we're finding more participation.

21 There's still some questions of needs and
22 things that industry are finding out. So last week, we
23 had our advisory committee, as Gerry mentioned, our
24 Commercial Operations Advisory Committee, COAC, and so
25 COAC asked us -- deadlines and milestones are very

1 important, but we needed to have a contingency plan,
2 and we need you to also give us what will be a good
3 transition plan. So as of today, on February 28th,
4 we're just turning of the old system, ACS. And so COAC
5 asked us to have a contingency plan for certain parts
6 of the system, especially concerns with some PGAs that
7 industry might not be ready, might not be there yet, to
8 give a little bit of flexibility from that piece.

9 So COAC is going to provide us that input
10 tomorrow. Actually, we have a call about it. They're
11 going to give us a document by Friday. And that's what
12 we're taking to present to the BIEC and what will be a
13 good contingency plan for certain areas.

14 There are some areas that the brokers told us
15 there's no excuse, people should be filing already in
16 this piece. There's no reason why they should not.
17 Others, they're asking us for a little bit more time
18 because they need to test more that piece. So that's
19 what we're working on right now, making certain that we
20 have those contingency areas identified and be able to
21 communicate how will February the 28th transition. So
22 that's one part of the update.

23 NHTSA and APHIS Lacey filing is going well, is
24 growing. The percentage -- we had a major
25 functionality that came out last Friday which was

1 expedited release. If I'm getting too much in details,
2 please let me know. But for the FAST and BRASS and
3 [indiscernible] that went out on Friday, I'm happy to
4 say that now today, Wednesday, we're already starting
5 to see the filings coming through for the automotive
6 companies. So we expect that to move faster, and
7 that's for NHTSA. And APHIS Lacey is also going well.

8 FDA, that's where we are having conversations
9 with FDA and industry and saying how can we help them
10 move into the process. They made two major changes --
11 one major change to help increase their volume, and
12 that is, in the pilot project, they were using the
13 spread sheet to go back and forth with the people that
14 were going to do the pilot to check that all the
15 information was well. But that was a very manual
16 process, and it was taking a lot of time. And so input
17 from industry was you need to let it go a little bit
18 faster. And so they have dropped out. They're no
19 longer using the spread sheet, and that has really
20 increased the volume of people that can file for FDA
21 products.

22 There are still some concerns that we heard
23 from the medical devices and biological products with
24 some data elements, so that's what we're working on
25 right now, if we can have a contingency plan for those

1 areas.

2 The other piece that I wanted to cover is
3 looking in the future. What I just finished is my day-
4 to-day -- I live by numbers and calling importers and
5 brokers. We spend a lot of time finding out what are
6 the challenges and concerns that they have. But this
7 shall pass, too, right? And so then comes the next
8 question, which is: How are we going to interoperate
9 with other Single Windows? You guys mentioned it about
10 North America.

11 So we launched a North America Single Window
12 Work Group, and I'm happy to say that your own Ms.
13 Tiffany Melvin is our liaison person sitting in our
14 North American Single Window Work Group with the COAC
15 Single Window Work Group, which is looking -- and Mr.
16 Long also participates -- and, Gerry, you have been in
17 those? Not yet. And Liz Merritt, too, is in that
18 group.

19 The goal of the work group is to -- we're
20 starting the conversation with industry to help us map
21 out the process of North America. How does it work
22 today? And we are going to marry that with how are we
23 having the conversations, and we have shared with the
24 work group what are we looking at in the conversations
25 with Canada and Mexico. But it's to be ready. Right?

1 Come 2017, how are we going to have that
2 interoperability? Big questions, of course, is a
3 regulatory question of it. How is that harmonization
4 working on that piece?

5 The second one is the data, and so, of course,
6 both Canada, Mexico, and -- all of us use WCO
7 standards, but even then we're finding out that even if
8 we are following the WCO standards, even then there's
9 some interpretation differently about the data
10 elements. And so that's the exercise that we're
11 working. The work group has brokers, customs brokers,
12 so the customs brokers associations from Canada, the
13 U.S., and Mexico are represented in the group. We have
14 truckers, we have importers, exporters, we have
15 associations, we have logistics, we have Canadian,
16 U.S., and Mexican businesses in the work group. So
17 it's an interesting -- it's a fun group. I enjoy the
18 calls.

19 But, Tiffany, would you like to complement
20 anything of what we're doing that you have heard or
21 seen?

22 MS. MELVIN: Well, no, I just -- I mean, I
23 want to -- a lot of you know Maria Luisa and I have
24 known each other a long time, and she's just done a
25 magnificent job with this. And I sit here and listen

1 to all the words that come out of your mouth and think
2 about, you know, 18, 22 years ago and what you've
3 learned and how well you're doing, and it's really --

4 MS. BOYCE: Oh, thank you.

5 MS. MELVIN: I mean, you're to be totally
6 commended on your efforts here, and I know it's a way
7 more than full-time job. You're doing a really great
8 job.

9 MS. BOYCE: Thank you.

10 MS. MELVIN: So as it pertains to our council,
11 as a lot of you know, the IT and Data Subcommittee has
12 been kind of making recommendations about the Single
13 Window and now has moved to the North American Single
14 Window and the interoperability issue. So CBP and all
15 the agencies, they've taken a lot of our
16 recommendations, and I honestly -- you know, when we
17 made the recommendations, and even before I came, and
18 when the IT and Data Committee had made some previous
19 to my arrival, I didn't really know if they would
20 actually be listening that closely and take the
21 recommendations. And they really have.

22 So I think there's a close working
23 relationship between this group and their group, and
24 they're very open to getting information and feedback
25 from our businesses that are involved in this council

1 for the other one. And then I've been put, like Maria
2 Luisa said, on the -- or I'm sort of an observer to the
3 North American Single Window Vision Working Group, and
4 it's -- I mean, this is all -- they're going to a level
5 that is so far beyond my expertise. I mean, I'm not a
6 trucker, I'm not a broker, you know. But to listen in
7 on these calls, I mean, they really have a good group
8 of people representing the three different countries,
9 and they're working really well and in a really
10 detailed manner about mapping out the systems and the
11 differences between the systems. And I get copied on
12 stuff that I can't share, but when I go look at it, it
13 is down to -- it's data sets and code -- I mean, it is
14 so, so detailed what they're diving into.

15 And so, again, I just want to say that, you
16 know, we don't all know on this end all the work that
17 is being done. You can't possibly update on us a daily
18 basis about everything that you're doing. But I was
19 really blown away at the level of detail they're
20 getting into right now, which I think bodes very well
21 for having a North American Single Window very soon, as
22 soon as it's possible.

23 I have been badgering several of you guys for
24 a couple months to give me your information about your
25 companies and kind of your dream, your North American

1 Single Window vision and what your greatest challenges
2 are. And I think that -- and I guess our IT and Data
3 Subcommittee was tasked with making recommendations to
4 the Secretary about North American interoperability.
5 But I think that the timing of that is very critical
6 because we don't want to get ahead of COAC and your
7 North American Vision Working Group's efforts. We want
8 to make the recommendations that are supporting your
9 efforts to the Secretary of Commerce at the right time
10 for you guys to be able to kind of have that overlap
11 that's necessary there.

12 So I think we're going to -- and I don't know
13 if we need to get into this now, David. I'm not sure
14 when you want to talk about this, if it's tomorrow or
15 whatever. So I think we're going to kind of pull off
16 of the work that we've been doing, hold off and wait
17 for you guys to get a little further along and then
18 kind of pick up our work and our recommendations so
19 that they match with what you guys need from us from a
20 commercial standpoint.

21 MS. BOYCE: And, Tiffany, thank you so much.
22 And you're not observing. You're going to be working a
23 lot. You're deep into it. Thank you for being the
24 liaison.

25 I actually would like to -- because this is a

1 FACA Advisory Committee, we can share some of the pre-
2 decisional documents, let us talk about it, so you can
3 share with the group. And I'll be more than happy,
4 when we deem it appropriate, to provide an update
5 specifically on what we're doing, because Tiffany's
6 right, it is going deep-dive in very interesting
7 details, specifically on purpose because we don't --
8 your recommendations are like the vision, right, the
9 end goal. How do we get there? So it's very easy to
10 say let's build one Single Window, but probably you
11 have now seen it's very complex because of the actual
12 process. So definitely let's think about how can we
13 provide you that more update, you know, in a pre-
14 decisional way and so that you can have that
15 perspective, and then definitely join Legal into the
16 timing of those recommendations.

17 I can tell you, though, that with TFA and with
18 TPP and with all these agreements that are coming down
19 the road, the timing is getting closer rather than
20 farther away, right, because -- sooner rather than
21 later, I meant to say, because we need to be ready to
22 remain economically competitive in the region.

23 CHAIRMAN BLASGEN: You mentioned this North
24 American Single Window. How far are we away from that?
25 Years or --

1 MS. BOYCE: I'll give you my thoughts, and
2 maybe Tiffany can complement from her perspective. So
3 when we talk about a North American Single Window, I
4 think from a government perspective and from Customs
5 that we're seeing is really having Single Windows that
6 are interoperable between North American countries. I
7 would not call it one Single Window because in your
8 mind that comes as only one system, right? And I don't
9 think legally our countries -- it will need an act of
10 Congress for us and other things to change some legal
11 limitations that we have about sharing that of U.S.
12 businesses with another government on that piece.
13 There's technical solutions, but the legal part, I
14 know, believe me, I asked that question on that piece.

15 So it's more about, Are our systems going to
16 be interoperable? And are we going to look not only
17 just to automate the current processes that are
18 working, but can we find efficiencies and make some
19 changes of how the three countries are working? And
20 it's interesting to hear, when you hear the southern
21 border perspective and the northern border perspective,
22 some different challenges.

23 Tiffany, that's from our side. What do you
24 think from --

25 MS. MELVIN: Yeah, I think so. I mean, I

1 think realistically it's years. I mean, I don't think
2 this is going to happen overnight. We've got to get
3 our U.S. Single Window straightened out and fully
4 functioning and get all the people using it and all
5 the, you know, contingencies squared away. And I have
6 a question, Maria Luisa, which is, I know that -- I
7 think that either the World Customs Organization or
8 somebody has asked for a very long term vision of a lot
9 of global -- a lot of countries around the world being
10 interoperable. And so do you have other working groups
11 with other countries right now? Because I think our
12 position in this council was that we would want you to
13 do Mexico and Canada first to make sure that our
14 continent is interoperable first before you go on to
15 other parts of the globe.

16 MS. BOYCE: So we actually did a survey with
17 industry members, and so we have two committees going
18 on. But the first survey that we did, we asked our
19 associations and industry, How would you prioritize
20 geographical areas for us to have those working groups?

21 And I can tell you that consistently in all the
22 responses that we got, Canada and Mexico come number
23 one because they're closer to be ready than other
24 areas. You would think that you will come farther
25 down, but they're farther behind in having a Single

1 Window. Even though it's going to take us years for
2 the ideal, your question, it's going to take long.

3 But so we have another work group right now
4 that is looking at our international strategy, and so
5 we're having the conversations right now focusing in
6 three areas: one, how are the other trade agreements
7 impacting U.S. businesses? And what should we be
8 looking at from a Customs perspective as we have the
9 conversations at WCO or WTO, et cetera, on that piece?

10 And so USTR is a partner of ours that we have brought
11 to the table.

12 The second thing that we're looking at from a
13 U.S. business perspective, they're doing their own
14 inventory of where are they seeing more business growth
15 from a U.S. business perspective, because as Customs,
16 we sign agreements with other Customs around the world,
17 Mutual Recognition Agreements, and that's why we're
18 asking them to give the benefits to our own U.S.
19 businesses that are part of our AEO program so that you
20 should give them the benefits when they're going there.

21 And so businesses are telling us they are doing this
22 inventory right now to tell us if it makes sense or not
23 to have an MRA with Country X where they don't even
24 have a strong AEO program. And so that's how we're
25 tackling that area, if that answers your question.

1 MR. LONG: And, in addition, I'd like to open
2 up the questioning, if there are any members of the
3 public who would like to raise questions or comment on
4 these issues. Yes, Melzie?

5 MS. WILSON: [inaudible].

6 MR. LONG: Could you identify yourself?

7 MS. WILSON: Melzie Wilson with Mallory
8 Alexander [inaudible] last five years with the ACE
9 program, and I commend everyone that has worked very
10 hard for that. I see that as a member of TSN and
11 CESAC.

12 On the export side, another positive note. I
13 will say that we and others are commenting that we're
14 seeing a huge decrease in exams because of the new
15 visibility. It has really cut ours I would say by 90
16 percent. And we were usually getting one to two a week
17 because of our license. So I do commend you on that
18 aspect.

19 My biggest concern is on the import side. We
20 as a company -- and I know my other friends, we're
21 trying very hard to move to the ACE environment. As
22 you said, Maria Luisa, if you're not engaged at some
23 point, bad on you, shame on you. You should be as much
24 as close to 100 percent on entry summary. 3461s -- or,
25 excuse me, I have got to train my new technology.

1 Cargo release, ACE cargo release, we are struggling.
2 We're at like -- we were 30-some-odd percent last week.
3 I hope to be over 50 percent this week.

4 Inbound regulations, they need to be passed.
5 I do know, as from CESAC and TSN, that ACE was
6 programmed to the new regulations that have not been
7 published. I believe that will help us out a great
8 deal. It really will.

9 It seems that what works this week doesn't
10 work tomorrow. You know, as things are implemented, it
11 seems like there's not enough testing going on because
12 we're quickly moving it out; that you guys don't have
13 time to test, our software provider doesn't have time
14 to test. They're trying to get it to the broker in
15 order to utilize and participate.

16 So as a contingency plan, there's no reason
17 why we shouldn't be on entry summary. There's no
18 reason why we shouldn't be on certain ACE cargo release
19 with 0111 and 03 entries, as far as RLF as well. PGAs
20 are a struggle. We're on Lacey Act now. We're trying
21 to do FDA. We've got appointments set up for HS-7 as
22 well as -- who else do -- oh, ATF and TTB.

23 But the problem we have on a day-to-day basis
24 is lack of understanding of CBP personnel who assist
25 the trade. I know as of last week, I think it was

1 commented in COAC that 50 percent of the train the
2 trainers were trained. Is that correct?

3 MS. BOYCE: Yes. It's higher now, but yes.

4 MS. WILSON: Right. So now we're 20-some-odd
5 working days from, as I say, D-Day and being on ACE.
6 Our big concern is when we're running into problems,
7 we're not getting the support we need, not by neglect
8 but just by lack of knowledge of our local ports as
9 well as our ABI representatives. And eBonds is great.
10 I do commend eBonds is great.

11 MS. BOYCE: Thank you so much for your
12 comments. I really appreciate it. It is a process
13 that has taken a lot of work and effort, and we really
14 appreciate the investment and the effort that has been
15 taken from the industry and the customs brokers, I
16 mean, God bless their hearts, the amazing amount of
17 work that they're doing. There's a lot of change of
18 how we do business -- right? -- from a government
19 perspective and from industry.

20 I'm looking for my numbers on the readiness
21 and the training. One of the concerns that we received
22 in the past was at the port offices do we have enough
23 training. So what you heard on that is that of the 50
24 percent -- actually we have done 100 percent of
25 training in all the basic areas. We identified what

1 percentage of our workforce works on cargo release that
2 is going to be doing it. So we did do a quick initial
3 training for all of them. But what we are
4 understanding, and if you think about it, we have 328
5 ports of entry, for many of our officers they're
6 working every day, right? They're moving. And if they
7 don't have that big volume of pilot, they're not going
8 to really work on that process until they have the
9 volume that they have to go through it.

10 So we can train them, but it really is going
11 to be until we start seeing the process that they can
12 put in practice all the training that they're doing.

13 So what you mentioned, of the 50 percent of
14 train the trainer, these are a special group of people,
15 workforce that we have identified that are going to be
16 at all the ports of entry to be able to answer all the
17 questions that are going to come in the cargo.

18 Are we 100 percent there? No. So that is
19 something that we're pushing the effort to do much more
20 and more from the ports of entry, but be able to give
21 them more cargo that they can see and actually work on
22 the system as we're working on this piece. But you
23 have our full commitment of that area.

24 We also mentioned last week in COAC that we're
25 going to have -- as we get closer to February the 28th,

1 we are going to have a virtual war room with the PGAs
2 that are impacted by February 28th and from our site to
3 be able to respond fast and soon for any request that
4 industry may have.

5 As with any launching of any system, there's
6 going to be challenges, and we are going to find them
7 as more volume increases. But as a commissioner has
8 said, we are committed from U.S. Customs and Border
9 Protection not to cause any detriment to the economy,
10 and we are constantly assessing the input and looking
11 at those contingency plans that COAC and TSN are going
12 to provide to us.

13 So thank you, and thank you for the good --
14 starting with a good note with the export side on the
15 statistics. That's always good.

16 CHAIRMAN BLASGEN: Do we have other questions?

17 MR. JAMIESON: Hi, Maria Luisa. I'm not going
18 to bring up Option 4 because --

19 MS. BOYCE: Oh, we can talk about it. I love
20 to talk about Option 4. We have a good answer on that.

21 MR. JAMIESON: My question concerns the
22 disruption of AESDirect going away and the refactoring
23 over. Do we know or do you know how many current
24 AESDirect filers have transitioned over to the new ACE
25 process and how many are left, how that process is

1 going? Because the concern from the industry is that
2 the ACE process is still not ready. There's still a
3 number of pieces that are missing, delinquent, wrong,
4 ACE reports portal still kicking out incorrect or
5 missing information. There's a grave concern on the
6 part of a lot of exporters of when an AESDirect filer
7 opens their account and sees, "Oh, my account is
8 closing on February 14th, now what do I do?"

9 MS. BOYCE: Yes, thank you for that. I'm
10 looking for the exact number because we just reported
11 that, too. But I'm going to go with some of the
12 information here, and if no one is from Census, right?

13 We have received as of last week, we have over
14 40,000 electronic export information transactions filed
15 via ACE AESDirect since it was made available to all
16 filers at the end of November 2015. If I remember
17 correctly the quote from Census, approximately 40
18 percent of AESDirect customers have already
19 transitioned to the new system. And what Census is
20 doing right now is that they're sending emails
21 notifying those that have not transitioned, an email to
22 let you know, "Hey, we need you to transition. This is
23 the deadline where we want you to start transitioning
24 to the new system. Do you have any questions? Let us
25 know. Why are you not transitioning and how can we

1 help?" So that I know is being done from a Census
2 perspective.

3 We did -- and I want to paraphrase this, of
4 course, not having my colleagues here and Gerry
5 complement me if I'm missing anything. They did a lot
6 of testing of the system with users to find out what
7 were the challenges, what were the problems that they
8 were having. And now that's why there's that comfort
9 level of start moving more by batches, the EIN numbers
10 of the companies, because we have been able to address
11 the majority of the concerns.

12 So I can tell you that that transition is
13 going smoothly. We are seeing the numbers increase now
14 exponentially. So what I would recommend, if we can,
15 David, maybe we can provide an update from Omari, and,
16 Gerry, if you can --

17 MR. HORNER: Yes, Jevon, you know that there
18 are four capabilities of AESDirect, so there's the
19 interactive, the PcLink, and the EDI and the WebLink.
20 And the EDI and the WebLink, they're just getting
21 started doing.

22 Going back to Melzie's comment, though, about
23 resources, I think Census was very wise in doing the
24 opening up of batches because if you open the flood
25 gates and let everybody transition all at once, you

1 don't have the support needed for everybody at once.
2 By transitioning in batches, they have a set of
3 resources to be able to support that amount of
4 transactions, that amount of companies in a batch.

5 They said that the transition period for the
6 AESDirect and AESPCLink was going to be three months,
7 but I think they are -- you know, as you get into it,
8 and now that they're transitioning by batch, I don't
9 think they're wedded to that specific deadline. Are
10 they?

11 PARTICIPANT: It's like a month and a half.

12 MS. BOYCE: Yeah, it's a month and a half, our
13 transitioning. But we'll be more than happy to give
14 you more information. But since you brought up Option
15 4, Jevon, I do want to talk about Option 4, if I may.

16 Option 4 is a post-departure filing, so there
17 is a percentage of exporters that were part of what we
18 called Option 4, where they didn't have to send
19 information to the government until after the goods
20 were exported. And it was up to five days later that
21 you send that information. This was a pre-9/11
22 program. It is used maybe by, gosh, less than 17
23 percent -- yeah, 17 percent of the exporters use Option
24 4, so it's not a large number.

25 And so when we announced that we were going to

1 work together and make changes to Option 4, it was --
2 is the Under Secretary here? I need to -- the Deputy
3 Secretary is here. I'm sorry. So we'll --

4 PARTICIPANT: We'll come back.

5 MS. BOYCE: We'll finish it later? So the
6 thought was that -- the industry said, "Are you crazy,
7 Customs? Don't say you're going to change Option 4.
8 We're using it very much." And it took three years for
9 us, Customs, to do three things: one, we partnered
10 very closely with the Department of Commerce, and we
11 brought our colleagues from BIS, from Census, to work
12 together on how do we find a solution? In a post-9/11,
13 we needed to have more information, not five days after
14 the goods have left but before, right? And how do we
15 under the Export Reform Control be able to implement
16 changes to this program?

17 And so after going through different --
18 several work groups, we actually identified three
19 approaches, a three-pronged approach that we're doing.

20 One is doing the export manifest, the
21 electronic export manifest. Are we able to get more
22 information in advance, therefore, not having to do
23 much change for the post-departure thing.

24 The second one is to ask for -- do we look at
25 a trusted trader concept for companies that are part of

1 Option 4 to be able to export? And I am going to stop
2 here, because if not, I get my friend in trouble with
3 his boss.

4 CHAIRMAN BLASGEN: Thank you all. What great
5 work [inaudible].

6 MS. BOYCE: Thank you, guys, for the work of
7 your advisory committee, and we're ready to continue
8 working together. Any specific questions, ping
9 Tiffany, Brandon, or Liz, and, of course, David will be
10 able to support us in this. Thank you.

11 MR. LONG: Well, thank you very much. That
12 was outstanding.

13 Without further ado, let me quickly turn this
14 over to Bruce Andrews, our Deputy Secretary. He needs
15 no introduction. You've seen him at numerous of our
16 meetings in the past. He knows the issues well, and
17 it's a pleasure to invite him to open our next session
18 of the committee. Thank you.

19

WELCOME**Bruce Andrews, Deputy Secretary,****U.S. Department of Commerce**

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5 MR. ANDREWS: Well, first of all, good
6 afternoon, everybody, and thank you for having me here
7 today, and welcome to the Department of Commerce. I
8 have to admit this is one of my favorite rooms in the
9 entire building, and it definitely beats the conference
10 room that we did this in last year. So hopefully
11 you're enjoying the scenery as much as I am.

12 But it is a pleasure to be here to open up the
13 first quarterly meeting of the Advisory Committee of
14 the new two-year term, and I just want to welcome all
15 of you and thank you for your continued service,
16 because I think, you know, as you know, the work you do
17 here is uniquely important and valuable to us, and I
18 want to thank you for that. It really helps us. For
19 us to be able to do our work better, having your advice
20 and your input is something that is so helpful and
21 informative to us. Your recent work on port
22 congestion, Single Window, North American freight and
23 trade policy issues has all been invaluable to us and
24 our partner agencies, as, seen talking to someone, I
25 know you have more coming, but across the Federal

1 Government. You know, I think you have heard it every
2 session as the agencies report back how they've used
3 this valuable advice and guidance as they've done their
4 work going forward. So a big thank you for that.

5 And we look forward to seeing the results of
6 your new undertaking and develop concrete improvements
7 in workforce development as well as your assistance in
8 assessing the potential improvements in supply chain
9 performance in connection with the Trans-Pacific
10 Partnership.

11 And I do want to just put in a quick mention
12 of TPP and how critically important that is and,
13 frankly, the benefits that we see that are going to
14 accrue across the U.S. economy and how it's going to
15 help create jobs here in the United States.

16 So I know all of you have been, you know,
17 learning about the agreement. I'm sure, hopefully,
18 you've all had a chance to read the agreement but, most
19 importantly, looking at what can be done to capitalize
20 and benefit from the agreement. And it's one of the
21 things that we started doing here, and obviously
22 Congress needs to ratify the treaty. But we are
23 already looking at what can we do to help hit the
24 ground running when it goes into effect. What can we
25 do to help American exporters? What can we do to help

1 American businesses? And how can we make sure, you
2 know, with 18,000 tariff cuts overseas and 6,000 here
3 in the United States, how do we make sure that those
4 benefits are flowing through both to American business
5 in the form of new opportunities overseas, but also to
6 American consumers and workers? So I appreciate all of
7 you, you know, learning more about that, but becoming
8 engaged in the discussion about it.

9 I also was pleased to see that the ACSCC was
10 asked to assist in the selection of data to support
11 port performance measures under the new FAST Act in the
12 transportation bill, and that's something else that we
13 watch closely but I think presents a real opportunity.

14 Secretary Pritzker and I know how crucial it
15 is for all of you and your customers, your employees,
16 to ensure your supply chains operate as quickly,
17 smoothly, and seamlessly as possible, because at the
18 end of the day time really is money in your business
19 and how important it is. So improving supply chains is
20 one of our Department's top priorities, and your
21 efforts are helping us to move that priority along with
22 this high-quality support work.

23 That is why, for example, the committee was
24 recently invited by DHS and CBP to provide input on a
25 private sector vision for the North American Single

1 Window, and that is something we are very excited about
2 working to complete in this administration.

3 This new opportunity, though, reflects I think
4 your success and the role you have played as a key
5 advisor to the Border Interagency Executive Council,
6 and that's something, as I think you know, that
7 Secretary Pritzker has been very engaged in, but in
8 that group's charter to implement the Single Window
9 under the President's executive order.

10 It also shows that your work has drawn the
11 attention of the National Economic Council and the
12 White House as well. Indeed, the success of our
13 country's trade agenda and our strategy to grow exports
14 and grow jobs really are working to expand the global
15 footprint of United States businesses. All of it
16 depends on how quickly and efficiently we can bring
17 goods to market. And, thus, the work we're doing here
18 today will play a very important role in the Obama
19 administration and our holistic approach to spurring
20 supply chain competitiveness, focused on three central
21 aspects: innovation, infrastructure, and border
22 management.

23 But for the brief time we have today, I would
24 like to focus -- then I'll take questions briefly, if
25 folks are interested, but I'd like to focus on one of

1 the three areas more in detail and ask for your help.
2 Specifically, that's the complex issue surrounding port
3 congestion, which became, I think, so very visible to
4 all of us during the recent issues in the west coast
5 ports, which ended up affecting businesses and ports
6 across the country.

7 We see this as an infrastructure issue and
8 though it involves a number of operational and
9 technology questions as well. And as Secretary
10 Pritzker has said, we must invest in our
11 infrastructure. Our ports need to function properly.
12 Our bridges, roads, and railways need to be in better
13 shape. And the logistics of moving materials around
14 the country need to be fluid and reliable.

15 For our supply chain, a critically important
16 aspect to our infrastructure is our ports where we now
17 see increasing congestion due to reliance on outdated
18 technology, the need to unload larger ships carrying
19 more containers, equipment shortages, and crumbling
20 transportation networks linking inland production
21 centers, our ports, and our borders.

22 This is having real consequences for all of us
23 -- for your companies, for our economy, and for our
24 global competitiveness. The Secretary saw the acute
25 challenges at our ports firsthand when she joined the

1 effort to help end the west coast port dispute last
2 year. From that process, we came to fully recognize
3 that the issue is not just about a contract
4 disagreement, it was about a dispute that impacted
5 workers and manufacturers throughout the supply chain,
6 the businesses and the people who have to live with the
7 consequences of a halt in operations at our ports.

8 It was also about the infrastructure and
9 technology across the country. America must have 21st
10 century ports and 21st century technology. Our
11 bridges, our roads, our waterways need to be world
12 class, and the logistics of moving materials and
13 equipment around the country must be flexible and
14 reliable. And to accomplish this, we need a long-term
15 commitment to rebuilding and reinforcing our
16 infrastructure in order to support and expand domestic
17 and international commerce.

18 So, with that said, I would be happy to take
19 any questions you all have. I know there are a number
20 of more specific panels and speakers you're going to
21 have, so some of them, I might defer if there is
22 someone more appropriate to answer, but I'd be happy to
23 take your questions. Please.

24 MR. FRIED: As we all know, the Panama Canal
25 is being widened [inaudible] larger ships are going to

1 be coming through. You talk about port congestion and,
2 you know, shippers now, especially after the west coast
3 port labor situation, are starting to hedge their bets,
4 so to speak, and send cargo through other ports,
5 especially on the east coast. Are these ports ready
6 for these larger ships?

7 MR. ANDREWS: That is a good question. I
8 would actually defer to experts better than I, but my
9 sense is no. You know, look, there's a substantial
10 investment, you know, and part of it is having the
11 right infrastructure in all these ports to deal with
12 these. And, you know, from my perspective -- and I
13 would let Dave answer as well, but a number of these
14 ports don't have the capacity as these bigger ships
15 come in.

16 MR. LONG: Just to add, that's entirely
17 correct. I think a lot of the work going on right now
18 is to prepare the way for that. There's a lot of focus
19 on dredging issues, modernizing ports, understanding
20 the new trade and freight patterns that go with it. So
21 I think the short answer is probably exactly what you
22 heard, and simply this is an issue that's getting a lot
23 of attention everywhere.

24 MR. ANDREWS: I would echo that, which is, you
25 know, I believe, as I recall, the timing of the

1 contract on the east coast is coming up at some point
2 as well. But I do think the west coast situation
3 really flagged the need for having multiple options
4 and, frankly, multiple -- very technologically advanced
5 so we can deal with the volume of the traffic.

6 MR. HANSON: Actually, if I could just go
7 ahead and address that question as well, as the dredger
8 in the room. We just finished deepening the Port of
9 Miami, so that's 50 feet now. The Port of Charleston
10 has made great strides, and it looks like they're going
11 to be online here in the next couple years as well.
12 Savannah is being deepened as we speak. So there is a
13 move to do this. The administration is to be commended
14 for the "We Can't Wait" initiative to help process some
15 of these projects and get them on the street.

16 Perhaps the challenge for this administration
17 and future administrations is actually helping pay for
18 some of this, because most of this work is actually
19 being paid for by states, by governors, to help move it
20 along. Very critical infrastructure, needs the
21 emphasis, and appreciate the administration has given,
22 and just need to take it to the next step and encourage
23 that along as well.

24 MR. ANDREWS: Thank you.

25 MR. GABRIELSON: I would echo those comments

1 in that there has been a lot done recently, so I would
2 also commend the administration for getting it done,
3 and more needs to be done. We need to continue to -- I
4 don't know if "fast-track" is the right word, but that
5 has to continue at a much more rapid pace than what
6 takes place today.

7 The piece I would point out is that,
8 regardless of what the project is, they oftentimes take
9 a fair amount of time. And so a number of us have
10 talked about what are those short-term things that you
11 can do while you're getting the longer-term changes in
12 place to be able to handle the future growth? And so
13 there's a real need, I think, for cooperation among all
14 stakeholders to take a look at what are those
15 operational improvements that we can make and continue
16 to make. And our group has come up with a number of
17 things, but we have to continue those at a very rapid
18 pace, which essentially buys you time while we begin to
19 get those larger infrastructure pieces in place.

20 So beyond the dredging, there's a lot of --
21 you started to allude to it -- what we call "last-mile
22 connectors," and the real need to be able to prioritize
23 those that give you the greatest payback, knowing that
24 the monies are somewhat limited. There's a finite
25 amount that you've got. And, you know, I think there's

1 a real opportunity to go through and try to prioritize
2 those in order to get the best bang for our buck, if
3 you will, to get them in place. That'll keep things
4 moving. That's more of a statement, I guess, than --

5 MR. ANDREWS: Statements are valuable. Look,
6 at the end of the day, that's one of the most important
7 parts of this, which is -- I said I'll take your
8 questions, but I actually also want to hear your
9 comments and views, because, you know, the whole
10 purpose of this Advisory Committee and the value of it
11 to us is actually hearing from you and taking that
12 input and us being able to take it from ideas into
13 actionable initiatives and efforts.

14 MR. HANSON: If I could just do a follow-up,
15 because I think we'd be remiss if we didn't mention
16 that the Port of Los Angeles folks are here, port
17 director and then government relations folks, and they
18 recently hosted the largest container ship to ever call
19 on the U.S. So there's still a lot of capacity on the
20 west coast that shouldn't be ignored as well.

21 MR. ANDREWS: Other comments or questions?

22 MR. SEROKA: I'm Gene Seroka with the Port of
23 Los Angeles. I had the privilege of working with the
24 Secretary and Secretary Perez during the last few weeks
25 of the negotiations with the ILWU, and many of the

1 thoughts you've brought forward today were born out of
2 that situation, as you rightly commented.

3 Speaking to you as an advocate for the
4 industry, not just the executive director at the Port
5 of Los Angeles, we are woefully behind on a worldwide
6 scale with respect to infrastructure, land use, process
7 management, and technology, fortunately enough that the
8 Port of L.A. and some of the work that we've been doing
9 through the industry, we've got an eye on the other
10 areas outside of the infrastructure dollars. But what
11 it does call for is a public-private partnership
12 initiative that the Secretary initially called for back
13 in March of this past year. So we'd like to continue
14 along that path with the administration, specifically
15 the Department.

16 MR. ANDREWS: Great, and we look forward to
17 working with you on that, because this is -- you know,
18 although we are the Commerce Department, not the
19 Transportation Department, you can't have commerce
20 without transportation. Without a really, you know,
21 21st century-plus transportation network, we can't be
22 successful at what we do or can't be as successful as
23 we should be.

24 MR. KANCHARLA: [inaudible] made a comment
25 there's an old axiom [inaudible].

1 [Laughter.]

2 MR. ANDREWS: We, of course, love all of our
3 brother and sister agencies, so I can't really comment
4 on that. But having worked on several projects --
5 well, I'll leave it at that.

6 MR. KANCHARLA: I have job security
7 [inaudible].

8 MR. ANDREWS: Good. Any other?

9 CHAIRMAN BLASGEN: Any more questions or
10 comments?

11 [No response.]

12 MR. ANDREWS: Well, good. I'll let you get on
13 your next session. But, again, I just want to say
14 thank you. You know, it is remarkably helpful to us,
15 and I look forward to both your conclusions out of this
16 but also the work you do under the FAST Act, because I
17 think that will also be -- you know, that counsel and
18 advice will be something very helpful as we move
19 forward. So good luck with the rest of the program,
20 and thank you again for being here.

21 [Applause.]

22 MR. ANDREWS: What I should have said,
23 actually -- and I didn't begin with this, but I'm here
24 on behalf of the Secretary who is in sunny Davos today.
25 It turns out that's almost a must-do requirement for

1 Cabinet Secretaries these days. But she did want me to
2 pass on her regards to all of you, so thank you so
3 much.

4 [Pause.]

5 CHAIRMAN BLASGEN: Okay, great. Great
6 conversation. So, Anne, we'd like to turn it over to
7 you now. And is Jason here? I'm not sure.

8

1 practices form. This is something we talked about at
2 our last quarterly meeting, because one of our goals --
3 and it starts with our committee -- is to begin to
4 identify the best practices out there and to begin to
5 develop essentially a database of those for both
6 committee use and eventually we hope that agencies will
7 take this over and begin to disseminate these
8 practices.

9 Just to go over what we are doing as a
10 committee -- and I am hoping that we'll have bimonthly
11 -- every-two-month calls with the committee in 2016.
12 We are looking at workforce needs. We are looking at
13 workforce recruitment in terms of image. We're talking
14 about workforce training, whether that's done through
15 educational institutions, by private industry, or as
16 part of economic development actions.

17 We're also looking at workforce accessibility
18 because it doesn't -- if we can't get people to where
19 they're needed, then it doesn't help.

20 So the potential actions moving forward this
21 year are, first of all, looking at best practices.
22 And, please, if you can fill this out and use the
23 electronic version, send it back to me in the next
24 month or so, and send it out to different organizations
25 in your area. But one of the reasons we have Jason

1 here today is to talk about some best practices and
2 thoughts both for our committee to share and maybe also
3 that may be of interest to your organization. And then
4 perhaps not in Houston, but perhaps when we're back
5 here in June, to begin to have updates from the U.S.
6 Department of Labor on their grants and the outcomes
7 from those grants.

8 So, with that, again, with looking at best
9 practices and ideas, I'm going to turn it over to David
10 to introduce our speaker today.

11 MR. LONG: All right. Well, thank you.
12 That's outstanding as a setup for what we're going to
13 do today.

14 It's a pleasure to introduce Jason Tyszko from
15 the U.S. Chamber Foundation. We've invited him as part
16 of the group to talk at some length about some of the
17 best practices in the field and to show you some of the
18 work that's been done this way.

19 What I find especially interesting for the
20 group in this is that it's set up in supply chain
21 terms. You'll see a lot of the same focus that we have
22 in our daily operations on end-to-end concepts of this,
23 the basic building blocks of effective supply chain
24 management. A lot of that is applied here, and without
25 further ado, let me turn it over to Jason Tyszko.

26

WORKFORCE DEVELOPMENT**Jason Tyszko, Senior Director, Policy & Programs****U.S. Chamber of Commerce Foundation**

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5 MR. TYSZKO: Thank you, David, thank you,
6 Anne. It's a pleasure to be joining you today. Before
7 I joined the U.S. Chamber of Commerce Foundation, in my
8 prior life I worked for the State of Illinois, both in
9 the governor's office as well as their state Department
10 of Commerce. So dealing with the economic development
11 community, issues that kind of workforce development
12 from the perspective of commerce and economic
13 development is something that is near and dear to my
14 heart. And a lot of the work I had done there was
15 interagency-related initiatives for how we could better
16 support developing talent in our state and really how
17 to organize the business community.

18 My transition over to the U.S. Chamber was
19 really to further that agenda. I had to try to figure
20 out, well, how can the business community better
21 organize itself when it comes to managing talent
22 pipelines and actually develop a competitive workforce
23 that could drive their growth?

24 So it's great to be here today, and just to
25 tell you a little bit about who are foundation is, the

1 U.S. Chamber of Commerce represents a federation of
2 2,500 state and local chambers across the country.
3 Collectively, they represent the interests of over
4 three million companies, so it's the world's largest
5 business federation. But one of the reasons why the
6 foundation side, which is the 501(c)(3) affiliate, is
7 so interested in this issue of workforce development is
8 because, over the years, our members have been
9 increasingly signaling that this issue of talent, this
10 issue of trying to solve the skills gap, is becoming
11 more and more paramount. And we need solutions that
12 are really driven by the business community, and we
13 need to have a leading voice in those discussions
14 moving forward.

15 So a lot of my work has been geared around how
16 can we, in fact, develop a more demand-driven workforce
17 development system. But, importantly, what does that
18 mean for the business community and the work that they
19 need to do?

20 So that is a little bit about who I am, who my
21 organization is. And we started this line of work
22 about a year and a half ago, and what I'm going to do
23 is walk you through our strategy, but then talk a
24 little bit about the publications that you have and how
25 you might be able to use those going forward.

1 So my objectives are really just to introduce
2 you to the work, let you know a little bit about the
3 tools and resources we have available now, but to
4 really try to have a conversation with you all to
5 figure out, well, what's the possibility of
6 implementing this approach within your sector. And as
7 David so eloquently put, it's pretty interesting that
8 the strategy we're using really relies on lessons
9 learned from supply chain management, and here we are
10 talking with the supply chain management group. So you
11 probably know a lot more about this than I do, so I'm
12 really curious to hear from you all to figure out how
13 we can make this even better, or does it, in fact, even
14 work?

15 So those are kind of the goals for today, and
16 I'll try to move through things pretty quickly so we
17 can, in fact, get to that discussion. But thanks for
18 having me.

19 The first thing is: Why do we care? I
20 mentioned before, the issue of the skills gap keeps
21 coming up among our member companies. They see this as
22 an issue affecting their growth, their ability to
23 compete in today's global environment. If we look at
24 some of the data that's been driving this, you know,
25 over 90 percent of senior executives believe there is,

1 in fact, a critical skills gap facing their companies
2 today. Half of them cannot fill open jobs today, and
3 the length of time those jobs remain open continues to
4 grow. And if we look at the current trajectory we're
5 on, by 2020 we're anticipated to have over six million
6 unfilled skilled positions in this country. So you can
7 imagine the kind of pressure that puts on our employer
8 community here for them to be able to stand up new
9 business.

10 Now, if you were to look at how we're
11 performing as an education system, if you were to ask
12 employers, well, are college grads coming out today
13 prepared to enter the workforce, about 11 percent of
14 them feel confident that college grads are, in fact,
15 ready to make that important transition to the world of
16 work. But if you were to ask chief academic officers
17 of those very same institutions, a full 96 percent of
18 them would say that, in fact, their students are
19 career-ready. And the reason I like to highlight that
20 statistic is you can see that not only do we have a
21 skills gap, at least from the perspective of the
22 business community, but just wide differentiation among
23 key stakeholders in what that skills gap is and how
24 it's impacting the delivery of our education and
25 workforce system. So a huge disconnect that needs to

1 be addressed.

2 This is all happening at the same time that
3 employers are increasingly looking to hire newly
4 credentialed individuals. The labor market is getting
5 tighter. The labor market is getting smaller. And we
6 know employers are increasingly trying to on-board new
7 talent into their enterprises. So demand is going up,
8 but the supply simply is not there, and the system is
9 not proving exactly responsive to the needs of the
10 employer community. So that's all to say why the
11 business community wants to get more hands on on this
12 issue.

13 And it's not just about filling seats. We
14 often think it's just about just jobs, getting people
15 jobs and we're good. Part of the reason why we're so
16 interested is this is impacting growth. This is
17 impacting the ability of companies to compete today,
18 with over 40 percent of them missing key financial
19 targets, and nearly 40 percent unable to stand up new
20 business simply because they do not have the human
21 capital to do so. So this is not a gathering storm on
22 the horizon, as we used to talk about it in the 1980s.

23 This is, in fact, something that employers are living
24 and breathing today. It's impacting their ability to
25 compete, and we need to do something about it. So

1 that's why we care.

2 And as we begin to look to a solution, what
3 we're trying to do is say what we need is a workforce
4 system designed to meet today's challenges, not one
5 designed to meet the challenges of the past. So we
6 really need a strategy for our time. And if you look
7 back at what are some major movements that have
8 happened within the workforce space, back in the 1950s
9 a lot of this was in-house training. Skills did not
10 change much inside companies. People stayed onboard
11 with the same company for a very long period of time.
12 This was something that was kind of built inside the
13 company to manage that training and to retain those
14 workers over the course of their career.

15 When we moved into the 1970s and 1980s, it
16 moved into more talent on demand, companies outsourcing
17 a lot of those training systems into the education and
18 workforce space, colleges taking on increasing
19 responsibility for that space, but employers really
20 relying more on the spot market or going to job boards
21 in order to fill those positions, but saying, "We would
22 do better to go find talent on demand that's sitting
23 out there on job boards than it would be to train those
24 workers on our own." And that wasn't because they made
25 a decision to cut those costs. That was just because

1 of the vicissitudes within the labor market and then
2 making the decision that it made more sense to recruit
3 and source talent this way than it did in the past
4 given changing conditions in the marketplace.

5 And then when we move into today, what we're
6 arguing is we need a new solution. We cannot really on
7 or expect employers to completely take up all the
8 training responsibility again. We cannot continue to
9 rely on the spot market. We see where that's gotten
10 us. And, in fact, employers cannot source talent today
11 for those critical positions.

12 So what are we going to do about it? And what
13 we'd like to emphasize is when we're talking about
14 this, we're not talking about all positions and
15 everybody. We're not talking about all schools, all
16 colleges. What we're talking about is businesses need
17 to manage talent by applying for those positions that
18 drive their competitive advantage in the marketplace.
19 If you're a manufacturer, you likely don't need to
20 build a talent supply chain when it comes to
21 receptionists or janitorial services. You might need
22 one for machinists, for welders, for engineers.

23 So first thing is we need to make sure what
24 we're talking about is within these industry sectors,
25 what are those positions that drive your competitive

1 advantage in the marketplace and where you need to make
2 sure you have deep bench strength. So that's how we're
3 focusing. There's still going to be outsourcing.
4 There's still going to be job boards. There's still
5 going to be automation and innovation occurring every
6 day in technology getting better and better. And we're
7 still going to contract as needed. But we need to
8 figure out where do we need deep bench strength and
9 where do we need employers to play a new leadership
10 role.

11 And we think employers have employers have a
12 lot to offer. We often talk about the education and
13 workforce sector as something that government needs to
14 solve or something that's the public sector's
15 responsibility. And, in fact, the public sector is a
16 major investor in this space. If you were to total up
17 what is the annual expenditure on higher education and
18 workforce systems in this country from the public
19 sector side -- I'm sorry, from the federal government
20 side, you're looking at over \$400 billion annually, a
21 significant investment.

22 However, what a lot of people don't know is if
23 you look at the private side investment in formal and
24 informal training, this number is actually a little out
25 of date. It's closer to \$600 billion that they put

1 into the system. And they have something even more to
2 offer, which is their jobs. They are the job creators.

3 So this isn't just about being a public
4 problem or a private problem, but we really see this as
5 a public-private solution, but one where employers
6 could take significant action today to drive change.
7 If they leverage even a fraction of those resources
8 differently to manage their partnerships, they could
9 have a big impact tomorrow. So we just want to make
10 sure we understand employers have a lot to contribute
11 in this space, and they have a lot of leverage in the
12 system.

13 What I want to talk to you about is supply
14 chain management within the context of talent pipeline
15 management, and what we think the employer communities
16 do is leverage those lessons that they have learned.
17 As they've gone through decades of transforming their
18 supply chain practices, they have learned essentially
19 how to manage highly effective relationships. They
20 know how to make them data-driven. They know how to
21 make them performance-driven. They've already kind of
22 figured out the magic sauce of what makes a competitive
23 relationship work within an uncertain global
24 environment. But we have yet to apply that to human
25 capital.

1 So what we tried to do is move behind the
2 metaphor, and say a lot of folks say, oh, it's like a
3 supply chain when they talk about a partnership with a
4 school or with a college. But what we tried to say is,
5 well, what does that mean? What makes supply chain
6 different?

7 So we tried to dig into a little bit of the
8 history here, understand some of the innovations that
9 took place, and say what are those lessons learned and
10 then what are the implications for how we manage
11 education and workforce partnerships.

12 There are kind of like three big lessons I
13 wanted to highlight from SCM. You guys let me know if
14 I'm right or not. But the first one that we queued in
15 on is that supply chains drive competitive advantage.
16 They are not a cost of doing business. Leading firms
17 realize this is not just a logistics cost; it's not
18 about beating up your suppliers. This is about all
19 hands on deck. Anyone who's in the operation that
20 could touch the supply chain ought to. And this is a
21 team effort inside the company to manage these
22 relationships well, and this is something that's going
23 to be one of the key drivers of growth inside the
24 company. This isn't just a cost of doing business.

25 What that also meant is you had to segment

1 your marketplace for your customers. You needed to
2 make sure that you didn't have one supply chain to fit
3 them all, but increased segmentation within the
4 marketplace to better deliver to the needs of that end
5 customer.

6 Secondly, supply chains create shared value,
7 and supply chains need to make sophisticated make-and-
8 buy decisions. Now, the first part of that is you need
9 better data. This wasn't about long-term forecasting,
10 which is a fool's errand. It's always wrong. It's
11 about getting better and better at real-time
12 information, short-term forecasting that's going to
13 allow you to manage that partnership more effectively,
14 and trying to leverage new data tools in order to do
15 that well. And then, secondly, working with partners
16 to figure out what's my responsibility, what's your
17 responsibility, what can I outsource, what can I keep,
18 but trying to really have those conversations in a
19 meaningful way with your preferred suppliers.

20 And then, lastly, what you measure is what you
21 get, so metrics matter quite a bit, and aligned
22 incentives, reward those who deliver results. And what
23 we took away from supply chain management was it wasn't
24 about how any one piece of the supply chain performed.

25 It was how the team performed. It's not Toyota versus

1 Ford. It's Toyota supply chain versus Ford supply
2 chain, which is what's going to drive their competitive
3 advantage.

4 So this became a team sport, and you needed
5 team measures. How were we measuring the performance
6 of the team, not any one partner? Because one partner
7 could do well, but you could shift a lot of costs or
8 inefficiency on to the next partner in the chain. So
9 end-to-end measure matter, and we need to make sure we
10 have the dashboard tools, the predictive analytic
11 models, everything we need in order to better manage
12 those data points and our performance levels across the
13 partners. But we need to have optics. People need to
14 see how everyone is performing on the team. We need a
15 tool set to do that well.

16 So that's a quick summary of just some of the
17 lessons that we took away and said, okay, well, what
18 does that mean for education and workforce
19 partnerships, and just high level, three key
20 principles:

21 Number one, you need to connect your talent
22 strategy to your business strategy if you're going to
23 improve your competitiveness. And that means employers
24 need to play a new role in these systems as an end
25 customer of a talent supply chain, not just as an

1 advisor or a beneficiary to an education and workforce
2 system.

3 Number two, they need to proactively organize
4 and manage flexible and responsive talent pipeline
5 relationships, which means they need to go out and
6 organize the providers they want to work with, and they
7 need to make sure those providers are suitably
8 responsive and flexible in meeting their need. But
9 they need to be the ones who organize them. And they
10 do that to create shared value for all the stakeholders
11 involved.

12 And then, third, what you measure is what you
13 get. So we need to make sure that employers are
14 measuring the performance of all of their partners
15 together and that they are rewarding those partners
16 that deliver them a skilled and competitive workforce.

17 So this isn't about just giving away internships,
18 apprenticeships, funding, equipment. But it's about
19 better targeting the incentives the employer community
20 has to reward those partners who are flexible and
21 responsive in meeting their need. Internships are as
22 good as gold these days, so even being very tactical
23 with who you provide those to can make a big difference
24 in the market.

25 Trying to put some visuals around this, you

1 know, I mentioned segmentation's important. The first
2 thing we ask employers to do is make sure this is not
3 just an HR issue. This isn't just HR solving it, much
4 like it wasn't logistics solving a supply chain
5 problem. So this is about HR working in concert with
6 finance, working with line managers, working with other
7 critical functions inside the enterprise in order to
8 figure out how do we recruit and source talent, for
9 what positions, for what capabilities, and how does
10 that link to our other metrics around driving
11 performance and growth. It's a team sport inside the
12 company, and don't do it for all positions. But where
13 you need deep bench strength, you need to segment your
14 workforce and find out who do I need to target in order
15 to build a supply chain.

16 Once you segment your workforce, what you need
17 to them do is find what is the suitable talent supply
18 chain in order to address that workforce need. This
19 isn't about going to the spot market anymore, folks.
20 So we outline three strategies that stand apart from
21 going to the job boards.

22 Number one, promote from within. You can
23 build your supply chain within your own company and
24 upscale your workforce.

25 Number two, you need to hire experienced

1 workers by leveraging staffing agencies or professional
2 firms and networks in order to source the best and the
3 brightest.

4 Or, number three, which is really the context
5 of today's presentation, hiring newly trained workers.

6 How are you setting up a supply chain with
7 credentialing organizations who are going to be able to
8 address that need for new hires?

9 So once you've figured that out, it's about
10 organizing the right network of partners. And as with
11 any extended supply chain, it's not about one handoff
12 from a Tier 1 supplier. It's about Tier 1, Tier 2,
13 Tier 3 working in concert with one another, managing
14 the flow and the handoffs to get the end product that
15 you're looking for. So employers need to begin to
16 organize: What does that flow look like? What are the
17 handoffs in between which institutional partners? And
18 how are we going to rate the success of that
19 partnership?

20 Which brings us to silo measures. We've got
21 to move away from this kind of approach towards silo
22 measures which generally governs our education and
23 workforce systems. Our partners don't communicate with
24 one another who they're handing off our talent to.
25 They communicate to the sky. They're communicating to

1 state agencies, federal agencies, you name it. But
2 their performance and accountability systems are
3 important, but they're often reporting up instead of to
4 the partner that they're handing off to. They're not
5 accountable to the next institution or program in line.
6 We need to change that.

7 So, in addition to making sure that these
8 accountability systems are met -- and many of them are
9 there for very good reasons -- we need to also make
10 sure we're moving to end-to-end performance within the
11 talent supply chain. So how are we being accountable
12 to our partners in the chain and making sure we're
13 reaching the result that we're working towards as a
14 team, not as any one individual program or provider.
15 So there we leverage the concept of what you measure is
16 what you get.

17 And here's another thing. It's about
18 balancing measures. As in a supply chain, it's not
19 about just getting the product you want. You've got to
20 get it at cost and on time. So balancing time,
21 quality, and cost in order to create value for all
22 partners in the value chain is critical. So as you're
23 working with that network of education and workforce
24 providers, not just talking about getting a skilled
25 worker, but you've got to get them when you need them.

1 Remember I said short-term forecasting rules, long-
2 term forecasting is a fool's errand. If you're not
3 getting them on time when you need them, it's hard to
4 know if they're actually going to be there when you're
5 still there. So we need to make sure we're measuring
6 all three variables as we stand up these partnerships,
7 and those need to inform the new shared performance
8 metrics of supply chain partnerships.

9 And then what you end up getting is this kind
10 of signaling in the marketplace where employers can
11 proactively signal this is who's in network, who we
12 recruit from in order to address these critical
13 positions within our company or within our industry.
14 But it's about employers signaling to the students and
15 workers who wish to navigate and traverse these career
16 pathway systems to say this is who I hire from and who
17 I don't hire from.

18 If you were to look at a real-world example of
19 this, you had Boeing who wanted to increase the
20 competitiveness of their entry-level engineers who were
21 coming in, and they looked at their own data and found
22 out from four university programs we get the best and
23 brightest engineers who perform the best inside our
24 company. They went back to those four programs and
25 said, "If you will be more flexible and responsive

1 within your curriculum to meet our needs, we will give
2 priority access to our internships to all of your
3 students. We will give priority access to equipment
4 for your professors. We will cultivate a special
5 relationship with you, and we will tell the world this
6 is where we hire 80 percent of our engineers from,
7 these four programs. But that requires you to be a
8 more responsive and flexible partner to us." And today
9 they're working in concert with those four university
10 programs and sourcing highly competitive engineering
11 candidates. And it's not that they decided to work
12 with any one, because supply chains need what?
13 Contestability. So they were able to stand up four
14 partnerships, balance the load, and if any one of them
15 goes down, they have the other three that they can rely
16 on. But it's a way that they manage those
17 relationships using a supply chain-type approach, and
18 that's really what this is about: signaling who your
19 preferred providers are, much like you would do within
20 your supply chain.

21 Now, there are a lot of implications here. We
22 talked a lot about what employers need to do
23 differently, and this isn't about just throwing stones
24 at the education and workforce systems or demanding
25 more accountability. This is about a performance-based

1 relationship, so how employers approach it needs to
2 change. It's no longer about philanthropy. It's not
3 about corporate social responsibility, or that alone.
4 But for companies who want to, for example, go after --
5 or try to improve upon their diversity, this gives them
6 a strategy to actually make that performance-based, to
7 make sure they're getting the kind of returns they're
8 looking for. So employers need to change how they do
9 things on the inside, and they need to lead. This
10 thing falls apart like a house of cards if they don't
11 do that.

12 Number there, are major implications for
13 education and workforce partners. This changes the
14 game when it comes to employer engagement. It's no
15 longer asking for that check or that piece of equipment
16 or asking you to take on my interns. This is about
17 managing a performance-based relationship not only with
18 the employer and customer, but working with a network
19 of providers, managing those handoffs and understanding
20 did we actually get the kind of success we're looking
21 for.

22 So what does it mean in terms of how they're
23 built on the inside to manage those partnerships well?
24 Who's responsible for that? It's almost like having
25 an employer concierge inside of these schools and

1 academies.

2 Next we look at students and workers. This
3 challenges us to think differently about how people
4 navigate career pathways. Think about employers of
5 choice. So instead of just saying I want to work in
6 manufacturing or logistics or in engineering or work
7 for energy, this gives them an opportunity to say here
8 are the companies I would optimally want to work for;
9 show me the pathway to get to them. Where do I need to
10 go to be in network to get the kind of results I'm
11 looking for for my career pathway?

12 I've talked to numbers of students around
13 universities who have gone in, gone to career fairs,
14 and said, "The companies I wanted to work for aren't
15 here. And then I find out my college doesn't have a
16 relationship with them, so now I've got to go and do a
17 cold call or try to find my own way to kind of broker a
18 relationship," when, in fact, if they knew from the
19 front end where those companies sourced from, that
20 would have changed how they went through their college
21 application process or how they access training.

22 And then last, but not least, it changes the
23 role of government. It's not about good government,
24 bad government, more government, less government. This
25 is about how it's changing the role of everybody

1 involved in this partnership and how can public
2 agencies and government now play a role to create an
3 enabling environment for these types of relationships
4 to take hold. So how is economic development and
5 commerce playing a leading role in helping businesses
6 connect their talent strategy to their business
7 strategy? How are they carrying and championing that
8 message through the various programs and policies they
9 important at the federal and state level? And what can
10 they do to be a partner to the business community to
11 play this new role? I'll come back to an example of
12 that in just a minute.

13 Something I wanted to point out is this is
14 largely a theoretical framework for how this can work.

15 I gave you a couple examples, but the one publication
16 you have that has the white background says, "Managing
17 the Talent Pipeline," that's a report that captures
18 much of what I just discussed. That came out in
19 November of 2014. We released it at a national
20 conference, and it tried to put out a new paradigm
21 leveraging lessons learned from supply chain
22 management.

23 Since that time, and in 2015, we put out a
24 call to action and said, "Who wants to work with us?
25 Who wants to organize around a talent supply chain

1 approach that we could learn from?" And we had seven
2 networks that stood up around the country, from
3 Virginia to Michigan to Illinois, down to Houston,
4 Kentucky. The list goes on. But this was the group
5 that stood up and said, "We want to work with the
6 employer community to build their capacity to be end
7 customers of talent supply chain partnerships."

8 And what we asked them to do is to focus on
9 six strategies that we thought were a good place to
10 start, the first being organize new employer
11 collaboratives. What is the new organizational model
12 for how employers join together in a shared set of
13 activities to manage a talent supply chain? The
14 majority of our companies who are growing jobs are
15 small to mid-sized enterprises who don't have a lot of
16 time and bandwidth. So how can they work together
17 through new intermediaries to manage this process? Do
18 we leverage the ones we have today that are out there,
19 legacy ones? Or do we need to create a new business-
20 led infrastructure?

21 Secondly, once they're organized, how can they
22 engage in shared demand planning, forecasting what is
23 the level of need around the positions that we're
24 targeting, not to do that as in one company, but what
25 are the new methodologies, the new needs assessments

1 they can engage in together to share information and
2 project our level of need?

3 Next, communicate competency and credential
4 requirements. Once I know what I'm targeting and how
5 many I need, what are the specifications around those
6 needs? How do I communicate in a shared language what
7 someone needs to know and be able to do and what
8 experience they might require? Now, this isn't saying
9 create a shared language so we all look the same or we
10 have an average approach. But, remember, in supply
11 chains, it became -- it was all about mass
12 customization where possible through standardization.
13 So by coming up with a shared language, we can not only
14 communicate what we need that's in common, but we now
15 can communicate how we're different so our partners can
16 actually address the full diversity of needs within the
17 employer community.

18 Just think, we often put these things in these
19 platonic archetypes, like all machinists are the same,
20 all nurses are the same. That's not true. How
21 employers organize that function inside the company can
22 be very different. This gives them a process to
23 communicate those differences.

24 Next we talk about analyzing talent flows.
25 Use the data employers collect through applicant

1 tracking systems to back-map where they get their best
2 talent today. So how can employers map what are the
3 real career pathways that reach us, what are the
4 patterns, but, importantly, who are the underutilized
5 providers who we can stand up as new suppliers within
6 our chain? But employers, instead of just looking at
7 just the resumes that they get in, they could
8 proactively be integrating this data and look backward
9 and say are there patterns where we get our best
10 people, who are our best suppliers.

11 Next we look at shared performance. Again,
12 this is a whole new generation of performance metrics
13 we're beginning to experiment with. One of them that
14 we talk about is time to full productivity, which is a
15 shared measure that cuts across partners and begins to
16 measure: Did I get the person on time? And have they
17 actually been able to meet average wages within their
18 industry in as short a time as possible? But we begin
19 to talk about there's new metrics that employers need
20 to be tracking when they put their resources behind
21 partners, and we're trying to flesh out what those are,
22 like time to career advancement, time to full
23 productivity.

24 And then, lastly, align incentives. Employers
25 need to reward those providers that deliver the best

1 results, so here we start talking a little bit more
2 about how do you operationalize preferred provider
3 designations. What requirements do they need to meet
4 in order to be in your network?

5 And one thing we tried to articulate is that
6 any one of these could be a best practice and could be
7 done well and be piloted. But what we tried to argue
8 for within our national learning network is once you do
9 these things in a scope and sequence, this begins to
10 make a talent supply chain approach. This begins to
11 change how employers manage the talent pipeline. So we
12 encourage these things being done in concert with one
13 another, and we've been learning quite a bit from our
14 network partners. In fact, we have Mary McPherson
15 here, who worked very closely with our partnership in
16 Elevate Virginia, who did a project with IT companies
17 in Northern Virginia around this. So I just wanted to
18 recognize Mary and the good work that she's done to
19 help inform this approach.

20 A couple more things I wanted to just point
21 out that you might find interesting from the supply
22 chain approach is it's about the value stream and how
23 you map it and how you manage it. So once these
24 collaboratives do all of these things, we should be
25 able to lay out the value stream for our skills

1 pipeline.

2 Now, you could organize it any way you want.
3 Here's just an example going from career awareness
4 through exploration through preparation, onboarding,
5 full productivity, retention. But companies could
6 begin to map the value stream, and then from there
7 layer by layer build out who's responsible for what
8 piece of our value stream, what is our contribution to
9 that piece, what are the competency and credentialing
10 requirements for each partner involved through the
11 value stream, what are the shared measures we're
12 targeting, like time to full productivity, and what are
13 the performance measures to know if we're doing well.

14 But this gives you a way of beginning to build
15 that blueprint out, but then assign responsibilities
16 and develop a game plan for how we're going to target
17 it. So I mentioned there's multiple tiers involved.
18 I've worked with a company like Dow Chemical who's been
19 able to map this out and say this is how our middle
20 school programs connect to our high school programs to
21 our university programs, all the way through training
22 and how we recruit. But it's about better connecting
23 those dots for how companies engage across all the
24 institutions and knowing are we getting the results
25 that we're looking for, are we getting the ROI we're

1 being asked for.

2 And once you begin analyzing the talent flow,
3 you could begin to map your actual chain. So you move
4 from the blueprint to who are the actual institutional
5 partners and networks and what are the handoffs, how do
6 they connect together. You could begin mapping the
7 actual set of players where talent is flowing and
8 understand are you getting the kind of results you're
9 looking for. But you go from blueprint to actual
10 institutional partners.

11 And then, lastly -- and this is a little more
12 complex -- you could get into a whole new way of
13 communicating performance. So this is an example of
14 what a dashboard tool could look like, where you could
15 begin laying out how is the entire network functioning,
16 all the way from capacity and utilization rates
17 throughout the network to number of hires, the number
18 of people who are lost to our collaborative but not
19 necessarily to our state and region; what's our capture
20 rate, the number or the percent of students who are
21 actually reaching full productivity. And then you
22 could break this down by networks, and you could even
23 break it down by each individual partner. But it's a
24 whole new way of saying on track, off track, by how
25 much, how's one network doing, or stacked up against

1 another network. But it's a different way for
2 employers to look at how all of their institutional
3 providers are performing to develop that skilled
4 workforce.

5 One other thing -- and this is actually new,
6 and we have a new publication coming out next month on
7 this -- is how you manage quality within the supply
8 chain is also important. I mentioned the idea of
9 standing up preferred providers, operationalizing that
10 market signal. What we're looking at now is how can we
11 leverage lessons learned from ISO and looking at things
12 like ISO 9000 and how that's grown across the globe to
13 figure out does that have important lessons for how
14 employers signal quality assurance within the education
15 and workforce space.

16 So we're going to begin to look at what are
17 the various layers of what an ISO-like system would
18 look like here, and what is the role of business
19 associations, industry associations, and local employer
20 collaboratives in actually managing quality assurance
21 for each of their layers, setting requirements around
22 those layers, and actually going out and certifying who
23 are those suppliers that are able to actually meet our
24 requirements. You could imagine just how radically
25 different this is compared to how we understand

1 accreditation, for example, within today's higher
2 education space, which is peer review, faculty-led and
3 -driven, and it's something that's there to manage
4 quality from government's point of view for its
5 investment. This would be a complementary system led
6 by the business community so they can set their quality
7 assurance requirements at increasingly sophisticated
8 levels, depending on what industry you're in or how
9 local the partnership is, and it would create an
10 operational structure for them to actually stand up new
11 auditing entities to go out and perform that function
12 in the marketplace.

13 And here is just an example then of how you
14 could break it down by principles, so there's your ISO
15 9000, and then you go 9001, 9002, so on and so forth,
16 setting different levels, increasingly more
17 sophisticated levels of requirements, depending on the
18 kind of designation you're looking for.

19 So I just wanted to tee that up in case folks
20 are interested. In fact, on Wednesday of next week,
21 we're going to do an advance screening of this paper
22 and talk in more detail here in D.C. So anyone who
23 would like to come to that convening -- it's just
24 around the corner here at the Willard Office Building -
25 - we'd invite you to come attend.

1 I wanted to highlight -- here's the two books.
2 I mentioned that the white one came out in 2014, and
3 the idea there was to put out a new paradigm to see if
4 folks were intrigued, and we issued that call to
5 action. And the blue book now captures the six
6 strategies I talked about from demand planning,
7 communicating competency and credentialing
8 requirements, so on and so forth. And it also has case
9 studies of each of the seven network partners that we
10 worked with and some other partners that joined us
11 along the way and tells their story of how they've been
12 able to actually move the ball forward using these
13 strategies. So I'd encourage you to look into the blue
14 book, if you want to get more into the weeds of, okay,
15 I buy it, what do I do next? What am I asking the
16 business community to do differently?

17 Those two publications are available on our
18 website at thetalentsupplychain.org, as well as a bevy
19 of case studies as one-pagers that you can download and
20 take a look at. And we're also announcing new work in
21 that space. In fact, one thing we're going to be
22 announcing and opening up later this month is
23 registration for our second national conference on this
24 topic. That's going to be held on March 23rd here in
25 D.C., again around the corner, over at the U.S. Chamber

1 of Commerce headquarters, and we'd invite all the folks
2 here and anyone in your network who would like to
3 attend. The event is free. It will be open to the
4 public. And we're actually going to have
5 representatives and state delegates from each of the
6 seven sites and some other speakers who are going to
7 join us to talk about what we've learned since the
8 first conference, but more importantly, what's coming
9 next. And we're going to hope to make some pretty big
10 announcements about how we want to stay in this field
11 for the next couple years and where the U.S. Chamber
12 can at least add value.

13 So I wanted to throw just a few discussion
14 questions out there, you know, time permitting. I know
15 we have about 15 minutes left, and I'd love to get your
16 reactions. But some of the questions I have after
17 going through this is, you know: Where would you
18 start? And which employers within your network do you
19 think would be ready? You know, we're not government.

20 We're not a top-down organization. We are loose
21 federation, and what we look for is who is the network
22 of the ready and the willing that want to move now.
23 And that's how we found our seven network partners, but
24 we're always interested in growing those partnerships.

25 So who in your network is ready to go now? And who

1 might we be able to work with?

2 Next is, Can this approach add value to
3 industry-led efforts underway today? I know the
4 subcommittee that Anne has been leading has been doing
5 a lot of great working looking at those best practices.

6 Is there anything else going on today that could
7 benefit from this approach? We don't like to see this
8 as a binary type thing, it's this or the highway. It's
9 more how can this add value to things that are going on
10 out there today. Can this approach add value? And for
11 a lot of existing efforts that are focusing on employer
12 engagement, we like to think this could be
13 complementary. This helps improve the employer plug-in
14 to a lot of education and workforce systems, because it
15 tells them specifically what they need to do.

16 We're also always looking at what are the
17 major barriers and challenges. Will this thing
18 actually lift off? What are the things that need to be
19 addressed going forward, that need to be traversed or
20 require deeper explanation?

21 And then we're also looking at what remaining
22 questions and issues need to be addressed. We don't
23 pretend to have all the answers. In fact, if you were
24 to go back a year and a half and see where we started,
25 it looked very different than this. So we see this as

1 evolutionary. We're learning as we go. We're not
2 supply chain experts. We look to the experts here to
3 give us input.

4 So to the extent that this has invited you to
5 consider certain things that we might not have, if you
6 have ideas for how this can improve, if you know of a
7 partnership out there that could really add a lot of
8 value, that we might be able to even profile on our
9 website or through a case study, we'd invite you to
10 connect with us. We're always trying to get those
11 other questions out there that need to be addressed,
12 and we're always open to change. We're open-minded
13 folks, and each publication helps us get a little bit
14 better. But we understand we've got a long way to go,
15 and it would be great to partner with this group on
16 that.

17 Last, but not least, I wanted to recognize our
18 primary sponsor, USA Funds. They're headquartered out
19 of Indianapolis. Their motto is, "Completion with a
20 purpose," and they're really trying to improve career
21 pathway systems and credentialing systems so students
22 aren't underemployed or unemployed once they come out,
23 but students are, in fact, connecting with the type of
24 career opportunities that they've set out to attain.
25 So they've been a great partner of ours. If you're not

1 familiar with them, I'd encourage you to get to know
2 them. They're relatively new to the philanthropy game,
3 but they've made a lot of really critical investments.

4 And they're a great partner of ours, and we hope that
5 partnership continues. They're actually going to be
6 the ones sponsoring the national conference coming up.

7 So I want to give them a shout-out.

8 And last, but not least -- I know I said that
9 before -- my contact info, which is also in both of the
10 books, but reach out. I'm pretty easy to get a hold
11 of. There's my email address. I'd be more than happy
12 to continue the conversation after today. We go out
13 and provide technical assistance all across the
14 country. We do speaking engagements. We get down and
15 actually help with the development and implementation
16 of survey tools, things that Mary can attest to in the
17 work that she's done in Northern Virginia. So just let
18 us know how we can help you, and I'd ask the question:
19 How can you potentially help us?

20 So I'm going to leave it at that. David, I'm
21 not sure if you wanted to -- if you had any reactions
22 or comments to start with, but I'd just invite
23 reactions from the group -- good idea, bad idea -- or
24 any questions you might have.

25 MR. LONG: Thanks for the presentation on

1 that.

2 I think what I'd like to do, I do have one
3 question of my own I'd like to develop as we go through
4 this, but let me turn it over to Rick, maybe some of
5 the practical applications, what's happening in
6 Virginia and elsewhere might be of interest to the
7 group. Let me hand it to Rick.

8 CHAIRMAN BLASGEN: Obviously, it's a critical
9 element. I spend a lot of my time on talent and
10 working with companies on supply chain talent, so I
11 commend you for the great work that you've done.

12 A couple of key points that you brought out
13 that hit me right between the eyes -- and, by the way,
14 you've outlined, for me anyway, why supply chain people
15 should run the world, so I thank you for that.

16 [Laughter.]

17 CHAIRMAN BLASGEN: But, nevertheless, that
18 aside, did one of your statistics say that 11 percent
19 of the business community said that graduates were
20 ready, but 96 percent of the chief academic officers
21 and universities said that they're ready?

22 MR. TYSZKO: Correct. That came from a Gallup
23 poll.

24 CHAIRMAN BLASGEN: Now, is it just me? I
25 mean, I find that shocking given the price of education

1 and the fact that they're churning out a product that
2 apparently their customer feels is not ready. Is that
3 a right assessment?

4 MR. TYSZKO: It's definitely something that's
5 -- you know, it sparked our interest, which is why we
6 like to include it, because we do think it kind of gets
7 that little bit of shock value out there. But I think
8 what it signals is there's a lot -- and there's a lot
9 of great things that these chief academic officers are
10 doing to prepare people for work and life, and no one
11 would take that away from them. It's more a question
12 of is there appropriate responsiveness built into our
13 system to address that employer need?

14 And what we're trying to suggest with things
15 like that ISO 9000 metaphor is the system is not
16 necessarily built or designed to be as responsive as we
17 need it to be to the employer community, so how can we
18 do things differently on the employer side to encourage
19 and incent better responsiveness?

20 But if we kind of leave it to the status quo
21 today and just assume if we plug in another employer on
22 an advisory board or we have one more employer show up
23 for a curriculum review at our six-month cycle that
24 that's going to really change things. I mean, it's a
25 skills gap that's been growing since the 1980s. It's

1 projected to continue to grow, and if we kind of leave
2 the status quo, you'll see how folks are going to
3 react. Education and workforce is going to say, "We're
4 doing a great job." Employers are going to keep
5 saying, "We're dying on the vine here, and we're going
6 to start threatening to move because we're going to
7 compete based on our ability to source the best and the
8 brightest. And if you can't do it here, we're going to
9 do it somewhere else."

10 CHAIRMAN BLASGEN: Well said. Now, that's
11 something that gets sped back to me a lot.

12 And then the other thing I wanted to bring up
13 is I for one feel very passionate about driving supply
14 chain management as a destination career into lower
15 levels of our education system, because you still
16 stumble across it when you take a course in university
17 programming and you switch your major. You don't hear
18 about it in high schools. You certainly hardly ever
19 hear about it in grade schools. And there is some
20 local activity done with community colleges and high
21 schools and so on. But here we are. You know, when I
22 talk to universities, every single student in their
23 words tell you, "even the dumb ones," get jobs well in
24 advance of their graduation date. So as supply chain
25 management continues to grow exponentially around the

1 world, we're in huge demand, and we're not producing
2 the product that we need to produce. And it seems to
3 me that you're supporting that, but I'd like to hear
4 from the rest of the committee, because I could go on
5 for hours about this topic.

6 MR. TYSZKO: If I could just react real quick
7 to that one piece, I think you're right. And what I
8 learned from this is it's not about trying to address
9 all things to the talent pool, giving people broad
10 exposure to every career opportunity that could
11 possibly be out there. That's just unrealistic. But I
12 think what we're trying to say is for those employers,
13 particularly within supply chain management and the
14 logistics business, this gives them a playbook to be
15 more tactical for how they stand up those partnerships
16 or how they make investments. So a lot of this is just
17 exposure to the industry.

18 So if you know who your Tier 1 suppliers are,
19 who's actually delivering you those folks who are going
20 to be onboard and into the work environment in your
21 field, follow back where they came from. Maybe there's
22 a few other people that could have been interested
23 where they came from similar to how that recruit was,
24 and how many do we need at each step within the talent
25 pipeline to manage flow. That's why I brought up the

1 Dow example, because they're trying to figure out,
2 well, if we do a robotics program in middle school, how
3 many students need to be touched or exposed to that
4 program in order for us to get the right number that
5 goes to the next step? And it's not about getting
6 everyone on day one, but it might be, "I need 500 kids
7 participating in this in middle school so that at least
8 100 of them actually explore it as a career pathway in
9 high school, so that at least 50 of them go on to the
10 actual training and credentialing program, and I might
11 capture the 25 needed, and I know I'm going to retain
12 the 10."

13 But this begins to give you a strategy for how
14 you're managing those relationships as opposed to them
15 being kind of one-off ad hoc engagements where I'm
16 going to work with this middle school, I'm going to
17 work with this high school, which you never know if you
18 got your ROI.

19 So, again, it's not about saying -- and I
20 agree, actually, after learning so much about this, I
21 consider, why didn't I go to supply chain management?

22 CHAIRMAN BLASGEN: There's still time.

23 MR. TYSZKO: There may be. There may be.

24 Career path number two.

25 But looking at this, I think it could invite

1 some consideration of how to be more tactical, and I'd
2 love to kind of work with some companies or a region
3 who wants to take that kind of approach.

4 CHAIRMAN BLASGEN: Other thoughts? Anne.

5 MS. STRAUSS-WIEDER: Well, first, thank you to
6 David and Mary for bringing Jason to our attention, for
7 a really interesting conversation. And I want to throw
8 four things out as the committee from his discussion, a
9 couple things that are just striking.

10 First of all, to echo Rick's point, the
11 lessons learned from supply chain management and
12 putting those against the educational system, just a
13 great framework.

14 Second, the siloing, which we've all talked
15 about within the workforce development, that we have
16 industry, academic, and governmental going on. And in
17 some respects, they really want the Department of Labor
18 here to hear what you were saying, Jason. I hope
19 they're coming on March 23rd, because bringing up
20 performance measures, quality assurance, you know,
21 where the bang for the buck, that's what we're all
22 looking for.

23 And, finally, to add to our workforce
24 recruitment is retention. So I do want to highlight
25 those points as things that we may want to cover as the

1 subcommittee and as a committee as we move forward in
2 this.

3 CHAIRMAN BLASGEN: Rick?

4 MR. KUNZ: Just a couple of thoughts. There
5 are a handful of organizations out there that do a
6 really good job of engaging with universities. They
7 have earmarked a handful of universities that may
8 specialize in something that's unique to them. And
9 those that are successful get really engaged early on.
10 They almost become adjunct professors in some respects
11 because they'll go in and talk to the class, and
12 they're doing two things. They're contributing and
13 helping to teach the class, which gets students more
14 excited about supply chain. And let's face it, they're
15 doing early recruiting. So they're not waiting for the
16 campus recruiting event that takes place. They've
17 already found those individuals that they really want
18 in their organizations. Those that do that end up
19 being a lot more successful, and it's geared towards
20 very specific universities. Anne just touched on it.

21 I think the next piece in your evolution is
22 helping companies to define what does an employer of
23 choice look like. Those that are the brightest, you
24 know, you need to help folks understand, and companies
25 understand. What does that really mean? Because a lot

1 of folks may not necessarily understand that or get
2 that. And Anne touched on it in terms of retention.
3 You want to recruit them, but how do you keep them?
4 And there's a lot of organizations that would benefit
5 greatly by understanding how to deal and address the
6 different generational groups that are out there, and
7 how they have to change their businesses to adapt to
8 that. And that's not really done.

9 MR. TYSZKO: That's a great point, and it's
10 something that I think does require further
11 exploration. When we originally did the value stream
12 map, we kind of stopped before retention, and something
13 our network told is you have got to put retention in
14 there, and you need to look at time to career
15 advancement. It's not just getting them up to speed at
16 the entry-level position, but it's about what's the
17 long-term objective for that individual.

18 So we started popping that in there and
19 messaging around it, but that's something we need to
20 dig deeper in. And as we think about additional
21 research that needs to be completed, I think we need to
22 investigate that space more clearly. So thank you for
23 that comment. I think it's pretty consistent with what
24 we've been hearing from companies as well.

25 CHAIRMAN BLASGEN: Other questions?

1 MR. WISE: I guess it took me awhile to get
2 the analogy with the supply chain, but I finally got
3 it. But when you present this in front of [inaudible],
4 what's their reaction?

5 MR. TYSZKO: I'm sorry? In front of who?

6 MR. WISE: When you present this in front of
7 some HR professionals, what's their reaction? Because
8 I would think one reaction would be, "I do this today.
9 What's different about it?"

10 MR. TYSZKO: Well, when you first start the
11 conversation, whether it's an HR person or if it's with
12 a chief academic officer or someone in a K-12 school or
13 a Perkins-funded program at a community college,
14 everyone's reaction always is: "Oh, yeah, it's exactly
15 what I do." But once you get more deeper into the
16 conversation around the practices, they begin to
17 understand just how different it is.

18 A lot of those strategies that we threw up
19 around demand planning, communicating competency and
20 credentialing requirements, and doing that as a shared
21 activity with other employers, that's new territory for
22 most of these folks.

23 So I think that there is receptivity to it,
24 but they're getting back to us and telling us new
25 things all the time.

1 For example, when we were doing the talent
2 flow analysis -- and I might speak out of turn here,
3 and I'd ask Mary to correct me. But, you know, one of
4 the things they looked at is it's more about linking to
5 the credentials themselves than it is about the
6 institutions they come from. So how do we adapt your
7 approach to better fit our needs in the IT sector to be
8 more credential-focused, less provider-focused? So
9 they're always kind of taking it and adapting it. And,
10 again, we don't pretend to have all the answers. It's
11 kind of if this helps you get to the next level in your
12 relationships, we've done good. But it's a good point.
13 We still need to have more conversations with them.
14 It's been a year and a half. We've got a pretty small
15 team working on this. But we're trying to --

16 MR. WISE: [inaudible] point out. I think I'm
17 thinking about should I give this to my HR department
18 and say, "Look at this new approach"? And what's the
19 one thing I'd say, here's where you have to look at it,
20 here's something -- here's the most different thing
21 about it from what you're doing today?

22 MR. TYSZKO: What I have personally heard, as
23 I have kind of traveled around and had these
24 conversations, is HR really sees this as an opportunity
25 to have a broader conversation inside the company. The

1 whole idea of this being a shared responsibility I
2 think gives them what they need to go and say, "Hey,
3 line managers, hey, HR, hey, Finance, this is why you
4 need to take my function seriously, but this is how you
5 can help me stand up better talent sourcing
6 relationships around these skilled positions." But
7 it's oftentimes -- I mean, we talk about education
8 being in silos. Companies can be silos, too, and I
9 think HR kind of feels like they are kind of in that
10 silo. They're the ones getting beat up all the time.
11 Accounting is always telling them, "You don't know what
12 you're doing." But this invites a more holistic
13 conversation inside the company.

14 So I've heard that that is a welcome
15 contribution to the HR discussion, but, again, we need
16 to have more conversations with those folks. I don't
17 think we've scratched the surface. And if there's
18 folks that you know who would have a perspective on
19 this or have input or have a different set of questions
20 than we've addressed to date, we would be eager to get
21 that kind of feedback.

22 MS. WILSON: Hi, Melzie Wilson with Mallory
23 Alexander [inaudible]. As a service provider, we look
24 at not only our own supply chain partnership with
25 companies, but we look at their seasonal as well, some

1 of [inaudible]. Have you done any case studies with
2 those particular supply chain [inaudible] seasonal?

3 MR. TYSZKO: We have not looked at seasonal
4 ones, but if you have a good example that we could take
5 a look at, we'd welcome the opportunity. And certainly
6 if we find it consistent with the kind of approach
7 we've laid out, we would be very happy to memorialize
8 that in a case study and have it up on our website.
9 But, yeah, please, share more information. We'd love
10 to hear their story.

11 CHAIRMAN BLASGEN: Others? Anne, anything
12 else?

13 MS. STRAUSS-WIEDER: Again, thank you very
14 much for Jason. I hope the committee members
15 appreciate the opportunity to hear best practices and
16 frameworks and ideas, which is another shameless plug
17 for please provide us with best practices and ideas for
18 upcoming meetings, hopefully one from the Houston area
19 for April. And hopefully maybe you can join us when we
20 next have the Department of Labor here as well talking
21 about their program and what's coming out of it. It
22 would be great to hear the interaction.

23 So thank you very much.

24 MR. TYSZKO: Thank you. I appreciate your
25 time today.

1

[Applause.]

2

[Pause.]

3

1 **DISCUSSION/PREVIEW DAY 2 AGENDA AND WORK PLAN**

2

3 CHAIRMAN BLASGEN: Great. Well, thanks,

4 everybody. You've got the agenda for tomorrow that

5 David had sent out to us. We've got a lot to do

6 tomorrow. We'll see how the agenda flows. Obviously,

7 we've got some things to get through, and we took a

8 stab at the times allocated to each segment. And as

9 always, we'll be flexible around changing that around

10 as need be.

11 I would strongly encourage all of us to be

12 here at 8:30 for that workshop. For those of you who

13 came in a little later, David, maybe you can explain

14 what that is, because I know some folks weren't here to

15 hear that explanation.

16 MR. LONG: Sure. Earlier in the program, we

17 had had some briefings on ethics and the operation of

18 the advisory committees and the committee system for

19 the membership.

20 In addition to that, we've also arranged an

21 administrative session for the members to meet with

22 Alice McKenna, our Advisory Committee expert in OGC

23 here, to provide additional information about how the

24 committees work, how the subcommittees function, and to

25 provide an opportunity for you to ask any questions

1 that strike you as important on that.

2 So we'll start at 8:30 tomorrow morning in
3 this room to do that. I'd urge all of you to attend.
4 I think it'll help the debates we're looking forward to
5 on the rest of the program and also our work going
6 forward for the new term.

7 CHAIRMAN BLASGEN: Great. And we'll hear from
8 all the subgroups once again, and as I encouraged you
9 earlier, think about the fact that we'll have ten new
10 committee members coming on board. How do we want to
11 view our current six subcommittees? Do we want to
12 change them? Do we want to accelerate some, put more
13 effort toward, you know, one or two rather than others?

14 It's up to us in terms of doing that. There may be
15 something we want to cook up that we haven't addressed
16 yet, and we could certainly be flexible to do that.

17 MR. LONG: Are there any other thoughts we
18 ought to deal with this afternoon, or are we good until
19 tomorrow? Going once, going twice?

20 [No response.]
21

CLOSING AND ADJOURNMENT

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2
3 MR. LONG: All right. Let me close this
4 session, and let's reconvene tomorrow at 9:00. The
5 administrative session on the advisory work is at 8:30
6 in this location.

7 Thank you very much.

8 CHAIRMAN BLASGEN: Thanks, everyone.

9 [Whereupon, at 2:50 p.m., the meeting was
10 adjourned.]
11

C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Advisory Committee on Supply Chain Competitiveness (ACSCC), held on Wednesday, January 20, 2016, were transcribed as herein appears, and this is the original transcript thereof.

LISA L. DENNIS,
Court Reporter